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FINANCIAL TIMES

No. 27,284 Monday May 30 1977 \*\*\*12p

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GENERAL African leaders to miss summit

Although Southern Africa will be a major topic at next week's Commonwealth summit meeting...

BUSINESS Grocery Index up 1.7% in May

F.T. GROCERY Prices index rose 1.7 per cent this month, marking a rise of 7.8 per cent for the first five months of this year...

Chrysler loses £8m. and falls behind planning targets

Chrysler U.K. has run into serious trouble in meeting the objectives set in its planning agreement signed with the Government to a great fanfare, less than three months ago.

TUC call to curb banking profits

THE TUC is calling for a "tighter rein" on bank profits and for Bank of England limits on lending to property and financial companies.

Bullock portfolio for Mrs. Williams

THE Prime Minister has asked Mrs. Shirley Williams to exercise her authority as a senior member of the Cabinet to try to sort out disagreements between Government departments over what industrial democracy legislation should be introduced after publication of the Bullock report.

Club fire panic kills 200

Panic caused the high death toll at the Beverly Hills supper club in Southern California...

BRITAIN'S official exchange reserves

The Government was widely informed as a reason for pessimism, but prices as the main issue overshadowed a slight improvement in financial expectations.

424 unveiled

Chrysler has unveiled its new small car, codenamed 424, in special presentations to dealers in the past few days.

7,500 vehicles below plan

Mainly because of the shortage of Avenger and Hunter cars, domestic sales in the first three months were 11,110, 33 per cent below target.

Barge continues

As the Moluccan train hijack went into its seventh day, the Dutch Government after an all-night Cabinet crisis session...

Basnett calls for refutation

GOVERNMENT refutation package is important for smoothing the way towards another wage agreement with the trade unions.

Hattersley drafts price safeguards for companies

DETAILS OF the proposed safeguards to protect companies from the worst effects of recommendations by the Commission...

Export advice

Its main proposal, the TUC says, is for a Eibn, joint public and private sector lending facility to finance projects and companies that would not normally qualify but which would give an adequate rate of return in the long run.

Sympathy

There is some sympathy in Whitehall for a further set of proposals from the 1972 Industry Group of Labour industrialists...

Carter blamed

Mr. Leonid Brezhnev, the Soviet Premier, said on French TV that "no serious progress" had been made in the Strategic Arms Limitation Talks because of the "unconstructive attitude" of the Carter Administration.

Sanjay inquiry

Mr. Sanjay Gandhi, son of the former Indian Prime Minister, who faces arrest on theft charges, will today ask the Delhi High Court for anticipatory bail.

Auditing standards under fire

THE TOUGHEST attack yet on allegedly low auditing standards of accountants, and a demand for Government intervention in the affairs of the accountancy profession, came this week-end from Mr. Len Hay Davidson...

Airport protest

Students and farmers, fighting to stop the opening of Japan's new international airport at Narita, 40 miles from Tokyo, hurled fire bombs and stones at riot police.

Coup bid trial

Leading members of the Italian secret service, including its former head, and top army figures go on trial in Rome today, charged with a series of Sardinian conspiracies, among them an abortive coup in December 1970.

Inadequate

The auditing profession was being criticised "and too many of these criticisms are justified. We are not doing enough to protect the public."

Briefly...

West Germany: Twenty-five firemen were injured, some seriously, in an explosion at a supermarket near Nuremberg.

£120m. orders for engineering

BRITISH civil engineering groups have won contracts worth nearly £120m. for work in the Middle East and Eastern Europe.

NEARLY seven out of ten people dislike the Government's plan to give unions the sole right to appoint half the management bodies of company pension schemes, a CBI survey shows.

Pacific markets in mind? It's NBNZ time

The National Bank of New Zealand

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# Defensive pricing on Wall Street

BY ANTHONY HARRIS

THE BRITISH clearing banks are not the only ones finding that the corporate financial recovery is bad for their own profits. One of the big New York banks has also experienced a very low demand for loans. That explains the prolonged trough in U.S. base rates, as I have suggested in the column on earlier occasions, but it does not explain the current response to high interest rates, rise in base rates, modest though it has so far been, led along the forecast of higher rates to come. Loan demand in New York is still as low as it was in the early 1970s. Their troubles do not arise from the fact that corporations are reluctant borrowers after their recent experience; they have also discovered that when they do need to borrow, the commercial paper market is a great deal cheaper. This is a symptom of the fact that the corporations as a group are hardly doing any net borrowing. Big companies with the kind of reputation that will support commercial paper hardly need to go to the market for it. A financial intermediary even at a time when spreads are highly compressed. They deal with each other and sell the offering of the \$2.5 billion worth of northern credit since March half has been in non-corporate commercial paper, and only New York. The New York banks which are pushing up rates, have not lent a cent.

## Illusion

This development has led to results both of which need to be accounted for the present rise in interest rates. First, the banks themselves are a separate pool of earnings, and a rise in interest rates does not reduce their scope to improve margins. This is partly an illusion as it is pointed out in the earlier edition of *Business Week*; the banks may be going to the defensive, but under a regime of price controls, the result is that even as rates rise, the banks are not competing to secure the services of potentially important borrowers. The New York banks are reported to be offering a certain amount of long-term discount finance which is a very attractive proposition. It is a pity that the Fed is a pretty good regulator of the money supply, but it is not a very good regulator of the rate of interest. It will then be the policy of the Fed. The Fed has always made it plain that it is flexible on the subject of monetary growth targets, and policy does not follow a simple-minded formula. It is not clear how the effects of its policy keep supply conditions in the credit

## Sophisticated

The recent rise in the U.S. monetary aggregates does rather underline this danger; it appears to have been caused by a rise in borrowing by the small-medium businesses outside New York which have the kind of name you can put on commercial paper. The New York banks are now beginning to talk of a rise in borrowing by the big boys too. If this is anything more than wishful thinking, it means that the corporate sector as a whole may soon be a borrower, and could be taking in its own washing. This is just the kind of discontinuity which could catch the Fed out. Since the Fed is a pretty good regulator of the money supply, but it is not a very good regulator of the rate of interest, it will then be the policy of the Fed. The Fed has always made it plain that it is flexible on the subject of monetary growth targets, and policy does not follow a simple-minded formula. It is not clear how the effects of its policy keep supply conditions in the credit

# The Week in the Courts Mouldy pig nuts

BY JUSTINIAN

WHEN ONE party to a contract suffers a loss by reason of the other's breach of contract, the law provides that, so far as money can do it, he should be placed in as good a position as if the contract had been properly performed. But in awarding the loser his damages for loss, the law says that not every loss that has flowed from the breach is recoverable. The thorny issue of the remoteness of the damages—where to draw the dividing line between recoverable and irrecoverable loss—has preoccupied the courts over the years.

The general rule has long been that a party is entitled to such damages as naturally and usually arise from the breach of contract. But what does that nebulous phrase encompass? Ten years ago the House of Lords nibbled at a number of formulae, without approving any of them specifically. All the five Law Lords rejected the "collateral possibility" of a "real damage" which the former being the favourite candidate among the judges over the years. One Law Lord, that great judge, Lord Reid, went so far as to quantify the degree of seriousness: a one-in-three chance was not too remote, a one-in-fifty was too remote. He personally did not like the phrase "a real danger," since all dangers are real. "Liable to result" was another formula that was kicked around the forensic arena. To Law Lords rather fancied the phrase, but two others turned their thumbs down.

After this inelegant judicial caper, commercial litigants could justifiably claim that the law, if it ever had guided litigants, did not tell them how they stood when they came to claim damages for their losses in contemporary litigation. But recently the Court of Appeal, by giving leave to appeal, has provided the House of Lords with a renewed opportunity to review the situation and to come up with an agreed formula that will perhaps at last bring some certainty to the law relating to the remoteness of damages. The case of *H. Parsons (Livestock) Ltd v. Uttley Ingham & Co. Ltd* provides a classic example of how difficult it is to decide where the dividing line between recoverable damages and irrecoverable damages lies. Parsons of Kilmarnock, near Sheffield had a stock of nearly 700 pigs which they fed on special pig nuts. In 1963 they bought a big bulk feed storage

hopper from the makers, Uttley Ingham of Hebdon Bridge, Yorkshire. It was a huge round metal bin, the lid of which had a ventilator built into it. The hopper was such a success that Parsons in 1971 ordered another. Uttley Ingham accepted the order in these terms: "We are very pleased to hook your order for one hopper exactly as supplied in 1963. Hopper fitted with ventilator. We deliver in upright position on your prepared concrete base."

The hopper was duly supplied to the site, but the delivery men thoughtlessly left the lid open. It was 25 feet high, no one noticed the mistake of not opening the ventilator before use. The hopper was duly filled with pig nuts. Some time later some of the pig nuts appeared mouldy. No one thought they were harmful to the pigs, so that the pigs were still fed with them out of the hopper. Later some pigs fell ill. A representative from Uttley Ingham found the cause of the pigs' disease when discovering that the ventilator had remained closed. But by that time 254 pigs had suffered an attack of a virulent disease such that they died. The total claim made by Parsons for the makers' breach of the contract in supplying a hopper with the ventilator closed was £20,000, including the lost pigs, veterinary expenses and lost sales. The question was whether that damage was recoverable from Uttley Ingham, the makers of the hopper, or whether the damages were too remote.

The Court of Appeal unanimously, but not for the same reasons, concluded that Parsons were entitled to recover the loss of the dead pigs, even though at the time when the unventilated lid was delivered and put into use it could not have been contemplated that mouldy nuts would cause the fatal disease to the pigs. Lord Denning thought the law ought to make a distinction between loss of profit and physical damage. Acknowledging the sea of semantic exercises that the court was swimming in, he said: "It might enable one to peep into those troubled waters if a distinction were introduced in the law of contract between cases where a person had suffered only economic loss, and cases in which damages were claimed for an injury or damage actually done to person or property, or ensuing expense actually incurred—which, of course, would still have covered Parsons' claim. If Lord Denning

had his way the defaulting party would be liable in the case of economic loss only for the consequences if they were such as at the time of the contract, he might reasonably have contemplated as a serious present or future liability or real danger. In the case of physical injury, a slight possibility would suffice. Lords Justice Orr and Scarman disapproved of any such judicial law-making.

The type of consequential loss, whether it be loss of profit or physical injury, is always an important matter of fact to be considered in applying the proper test for the award of damages. Here the Court was back at square one. What was the proper test? Lord Justice Scarman formulated the general rule as that loss which might reasonably be supposed would have been in the contemplation of the parties as a serious possibility. Their attention was directed to the possibility of the breach which had in fact occurred. It mattered not that the defect that constituted the breach of contract was unknown or even unknowable. The assumption that the court had to proceed upon was that the parties would have contemplated, had they asked themselves at the time of the contract, not what was likely to happen if the pig nuts were mouldy, but what was likely to happen to the pigs if the hopper was not for storing nuts suitable to be fed to them. While nobody at the time could have expected the pigs' disease to ensue from their eating mouldy nuts, reasonable people would have contemplated the serious possibility of injury and even death resulting among the pigs if the hopper was unfit for storing nuts. Put shortly, recovery of damages for loss was not to be limited because the degree of physical injury or damage could not have been expected.

Where it is a case of loss of market, or loss of profit the factual analysis would be different from cases of physical injury. But the same legal test was to be applied to both cases. If the parties thought that the chance of physical injury, loss of market, loss of profit or other loss was slight, that did not prevent the loser recovering damages, so long as the parties contemplated as a serious possibility the type of consequence, not necessarily the specific consequence that did ensue on breach of contract. Food affected by bad storage conditions might well cause illness in the pigs fed on it.

**BBC**

Indicates programme in black and white.

6.40-7.55 a.m. Open University (UHF only). 8.25 Play Schools. 9.00-9.15 a.m. Play Schools. 9.25-9.40 a.m. Play Schools. 9.45-10.00 a.m. Play Schools. 10.05-10.20 a.m. Play Schools. 10.25-10.40 a.m. Play Schools. 10.45-11.00 a.m. Play Schools. 11.05-11.20 a.m. Play Schools. 11.25-11.40 a.m. Play Schools. 11.45-12.00 a.m. Play Schools. 12.05-12.20 a.m. Play Schools. 12.25-12.40 a.m. Play Schools. 12.45-1.00 a.m. Play Schools. 1.05-1.20 a.m. Play Schools. 1.25-1.40 a.m. Play Schools. 1.45-2.00 a.m. Play Schools. 2.05-2.20 a.m. Play Schools. 2.25-2.40 a.m. Play Schools. 2.45-3.00 a.m. Play Schools. 3.05-3.20 a.m. Play Schools. 3.25-3.40 a.m. Play Schools. 3.45-4.00 a.m. Play Schools. 4.05-4.20 a.m. Play Schools. 4.25-4.40 a.m. Play Schools. 4.45-5.00 a.m. Play Schools. 5.05-5.20 a.m. Play Schools. 5.25-5.40 a.m. Play Schools. 5.45-6.00 a.m. Play Schools. 6.05-6.20 a.m. Play Schools. 6.25-6.40 a.m. Play Schools. 6.45-7.00 a.m. Play Schools. 7.05-7.20 a.m. Play Schools. 7.25-7.40 a.m. Play 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OVERSEAS NEWS

'Scores' of officials died in Angola coup bid

BY A SPECIAL CORRESPONDENT, RECENTLY IN LUANDA

FEARS MOUNTED in the Angolan capital, Luanda, yesterday of a high death toll among the badly needed senior officials during last Friday's unsuccessful attempt by pro-Moscow hard-liners to overturn President Agostinho Neto's multi-racial government.

links in the Kremlin and the Portuguese Communist Party than many other Central Committee members, had insisted that whites be denied Angolan citizenship and the government be purged of Mulattoes.

Rhodesians kill 20 in raid over frontier

SALISBURY, May 29

RHODESIAN troops today raided a guerrilla camp inside Mozambique and killed at least 20 guerrillas, a security force spokesman announced. A follow-up operation in Mozambique was still continuing, it said.

Katzir talks with party heads to open

BY L. DANIEL TEL. AVIV, May 29

PRESIDENT Ephraim Katzir of Israel to-morrow starts consultations with the leaders of the various parties in the newly-elected Knesset and is likely shortly thereafter to ask Mr. Menahem Begin to try to form a new government.

Neto still waiting for 'Cobra 77' to strike

BY OUR SPECIAL CORRESPONDENT

THE COUP attempt was the first known assault of its kind on President Neto's leadership. How effectively he deals with it seems likely to be a pointer towards his ability to bring his party and the country under tight enough control to withstand the continuing opposition of unknown strength and efficacy of Unita and the FNLA—crusades by the Cabinda-backed MPLA in conventional warfare, but now waging guerrilla warfare with the covert backing of Zaire and South Africa, and the tacit support of powers backing those two African states.

Front-to invade firstly the Cabinda enclave—source of much of Angola's foreign exchange because of offshore oil operations by Cabinda Gulf—on then to brush south to the rest of Angola.

other Communist help following the coup attempt. Quentin Peel writes from Johannesburg: A spokesman for the South African defence force to-day described as "nonsense" reports that members of Unita were being trained in camps in Namibia (South-West Africa), or were being supplied with arms and ammunition from South Africa.

Yes. Let's go into business together.

DURING the bad times, your training programmes have suffered. You've been finding—like most employers—that you simply can't afford your usual investment in raw, untrained talent. Yet you know that without a continuing development of essential skills, your business can't survive in the long term.

The Work Experience Programme Helps build tomorrow's workforce today. Some 670,000 school-leavers this year will be seeking work. The majority will be successful. Many will be disappointed. These youngsters need to feel useful and be useful. You can help; and with your help we can turn a problem into an opportunity.



Grants and Awards for Employers To maintain and, where practical, expand apprenticeship and other trainee schemes for young people, the Training Services Agency has funds available through your Industrial Training Board to help with the cost of first year training for extra recruits.

Government Subsidies Three on-going subsidies run by the Department of Employment can help keep your staff and assist with recruitment and thus keep your business viable. Youth Employment Subsidy Offers £10 a week, for 26 weeks, for those you take on, who have been registered as continuously unemployed for six months and were under 20 at 1st Oct. 1976.

Job Creation Programme You can plan, organise, and manage a scheme lasting up to 12 months which will provide short-term employment for people who would otherwise be unemployed, and which will be of benefit to the local community. Job Creation Programme pays approved wage costs, plus up to 10% towards the running costs of projects (in certain circumstances). Contact your local Job Creation Office.

Sanjay arrest imminent

BY K. K. SHARMA NEW DELHI, May 2

THE ARREST of Mr. Sanjay Gandhi, controversial son of the former Indian Prime Minister, on criminal charges is imminent. He himself expects to be arrested, and to avoid spending any time in police custody, has asked the Delhi High Court for anticipatory bail.

Portugal loan opposed

TWO OUT of five U.S. congressional committees have refused since the first of them to approve a \$300m. loan to Portugal. Diana Smith writes from Lisbon: This follows the collapse of a proposed IMF consortium loan of \$1.5bn. in which President Carter had hoped Common Market and EFTA countries, as well as Canada, Japan and Venezuela might participate.

Ethiopia embassies

Ethiopia over the week-end Washington to close its embassy's office in Addis, and to reduce its embassy staff by half, and the marine guard by two-thirds by Saturday, UPI writes from N. At the same time the U.S. Marine Corps is in the middle of a full-scale review of its pilot selection and training procedures following a number of accidents involving the Harrier.

Right-Wing extremists trial to open in Rome

BY PAUL BETTS ROME, May

THE ALLEGED involvement of leading members of the Italian secret service—the so-called SID—in a series of concerted right-wing operations including an abortive coup d'etat in December 1976 will be among the principal issues at a controversial trial which opens here to-morrow.

Opportunities for young people.

MSC Manpower Services Commission Setkirk House, 166 High Holborn, London WC1V 6FF

WORLD TRADE NEWS

Romania-U.S. coal deal could be worth \$2bn.

BY JOHN WYLES

IDENTICAL PETROLEUM, U.S. energy and chemical... Romanians have undertaken to purchase 14m. tonnes of high-grade metallurgical coal...

NEW YORK, May 29.

Coal is currently selling its high-grade metallurgical coal for \$83 a tonne. A spokesman for Occidental at the company's headquarters in Los Angeles refused to elaborate on the statement...

\$A500m. Australian 'phone deal

By James Forth

A DECISION is expected any day on a \$A500m. contract for sophisticated telephone switching equipment to replace Australia's existing system. The contract, which will be the largest telecommunication order ever placed in Australia...

AFRICAN TEXTILES

A problem of European prejudices

BY MARTIN DICKSON RECENTLY IN ABIDJAN

BLACK AFRICA'S fledgling textiles industry is hoping to make significant inroads into the Western market for cotton-based fabrics and ready-to-wear garments...

in much needed foreign exchange. And in trying to break into the Western market they have two distinct advantages. Firstly, their labour costs are comparatively low—some 30 per cent. lower than Europe in the Ivory Coast...

ba said, would often examine the label on a garment and say: "This is an African product—its colours will fade and it will not clean well—I had better buy something made elsewhere."

Export hopes are pinned on Western markets but there is still considerable consumer resistance to be overcome, especially on quality grounds.

MAN, Vickers and BL go for \$100m. Canadian bus orders

BY ROBERT GIBBENS

MONTREAL, May 29.

CANADIAN VICKERS, the British arm of the U.K. based MAN group, in conjunction with Vickers, the West German design and engineering group, is bidding to get bus orders in a total of between \$75 million in Quebec...

the order, they would enter the whole Canadian bus market, which is again expanding after a slowdown. This would mean stronger competition for GM, Ford and Saab in Quebec...

Keen competition likely at Paris air show

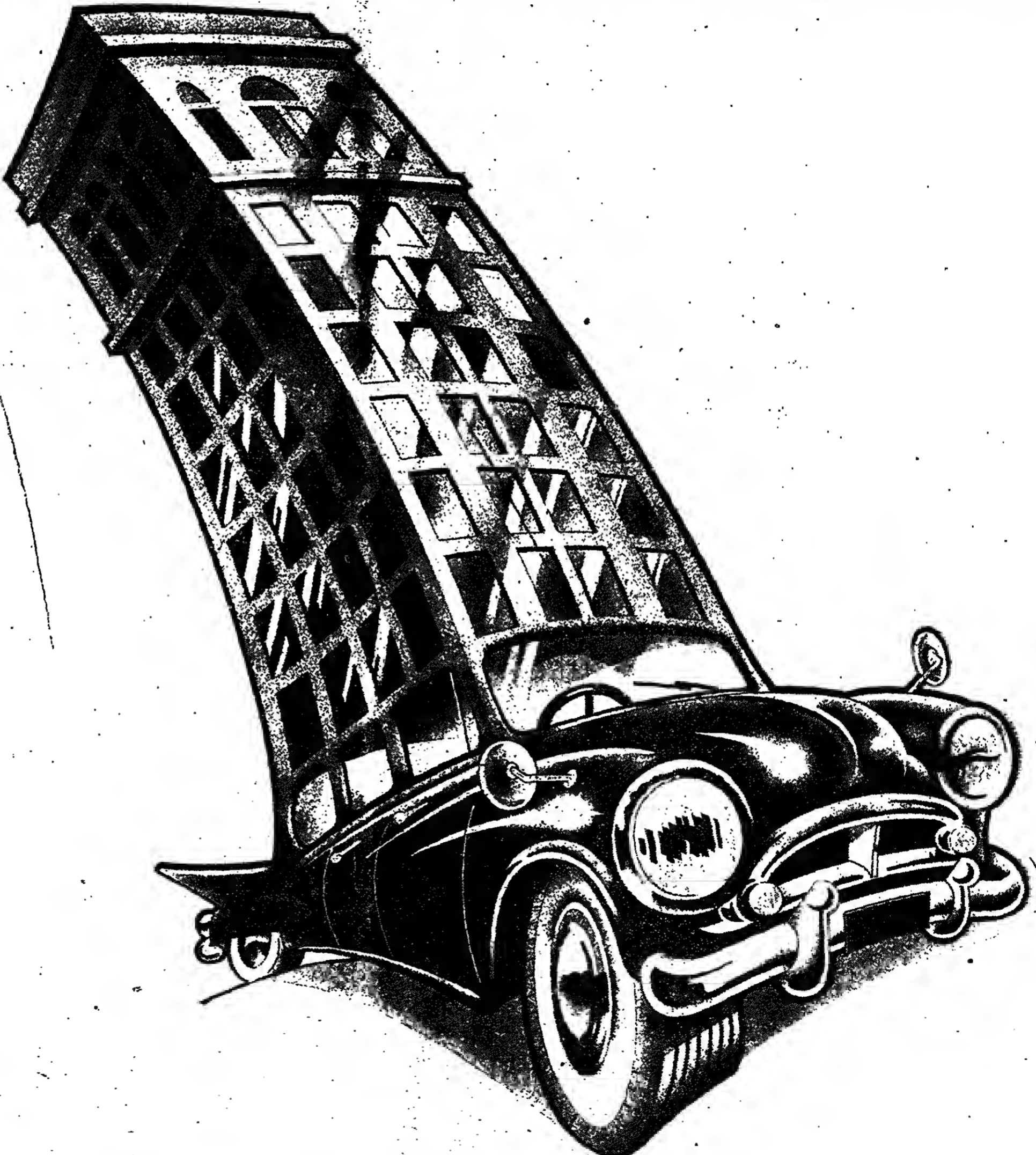
BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PARIS International Air Show, which opens this Thursday, is likely to be the most significant of the discussions taking place behind the scenes than for the number of aircraft types on display...

U.K. business at Canton

BY COLINA MacDOUGALL

BRITISH TRADERS returning to the twice-yearly Chinese Commodities Fair at Canton were relatively satisfied with the amount of business done. As no one had expected a boom, in view of the economic difficulties in China over the last year...



Before you invest in a building, you like to know what it costs to run.

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One of the pioneers of Energy Management is the Electricity Supply Industry. Any of their Boards can help your planners with those specialist details, which, if neglected, will only land on your desk later.

service of a unique computer program called BEEP. This can provide your planners with a detailed analysis of a building's energy requirements, consumption, and running costs.

PLANELECTRIC The Electricity Council, England and Wales.

World Economic Indicators

Table with columns for Trade Statistics (Exports, Imports, Balance) and Economic Indicators (DMs, Frs, etc.) for various months and years.

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## ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office

**OPERA & BALLET**  
**COLISEUM**, 01-436 3161. Kroll Card Box, 01-240 32281. From Thursday, 2.30 and 8. The June 1977 production of **WILLY SHELBY** with LONDON & FESTIVAL BALLET. **CONCERT** 8.00. **THE ROYAL BALLET**, 01-436 3161. **THE ROYAL BALLET**, 01-436 3161. **THE ROYAL BALLET**, 01-436 3161.

**THEATRES**  
**DUCHESSE**, 01-836 8243. Evenings 8.00. Friday and Saturday 8.15 and 9.00. **"The Night is Young"**. 01-436 8243. **DUCK**, 01-436 8243. **DUCK**, 01-436 8243. **DUCK**, 01-436 8243.

**THEATRES**  
**ADRIAN**, 01-436 8243. **ADRIAN**, 01-436 8243. **ADRIAN**, 01-436 8243. **ADRIAN**, 01-436 8243.

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# HOME NEWS

## Provincial hotels find their profits squeezed

BY ARTHUR SANDLES

PROVINCIAL HOTELS and guest houses are baring their profit margins squeezed as they struggle to keep the custom of hard-pressed domestic tourists—while London hoteliers are being accused of exploiting the Jubilee foreign tourist boom by raising their prices more than can be justified.

From 1975 to 1976 London luxury hotel prices rose by about one-third, according to some investigators. From 1976-77 it again seems that the price rise will be above that of the retail price index, particularly if the disappearance of large tour operators discounts is taken into account.

In the provinces, however, it is a different story. The cost of the average British tourist's night away from home in the U.K. rose by only 70p from 1975 to 1976—from £5.00 to £5.70.

That 14 per cent change was less than the rise in the price index and much less than the rise in prices in central London, where the hotels started from a considerably higher base.

The findings of the latest British Home Tourism Survey also indicate that Scotland has recently fared very badly in the tourism stakes, with much of the business going to Wales instead. There would seem to be an implication here that the main British tourism generating areas of London/South East England and the Midlands are deterring the greater distance and, therefore, costs involved in reaching Scotland.

While there was no change in the volume of English tourism by the British last year there was a small increase in Welsh tourists and a 20 per cent drop in that going to Scotland.

Of spending, England saw a 12 per cent increase, Wales a 23 per cent rise and Scotland a 14 per cent drop.

The implications for Scottish tourism particularly for those areas which are out on the foreign traveller's normal beat, could be serious unless the rise in prices in central London, where the hotels started from a considerably higher base, is slightly less alarming, with visits down 15 per cent, and spending 5 per cent. This implies an appreciable rise in business traffic, probably much of it oil-linked.

Meanwhile, the summer foreign tourist rush in London is producing its traditional rash of price complaints. Soft drinks that cost 12p a tin in residential areas cost 16p upwards in the tourist streets, and can cost 50p (as two MPs found last week) when bought from street sellers.

So serious is the position that the Office of Fair Trading and the Prices Commission are investigating various complaints about tourist exploitation.

The Keep Britain Tidy Group is appealing to the nation to Clean for the Queen during Jubilee Year.

Youth organisations, schools, local authorities and members of the public are to organise schemes to clean rubbish dumps and black spots. Volunteers are also being asked to organise sponsored clean-up schemes to raise funds for the Queen's Silver Jubilee appeal.

## Britain's first radio train goes into action

BY ANDREW WILSON

BRITAIN'S first radio-controlled passenger train service was launched in the Lake District at the weekend on the 15.5 gauge Ravenglass and Eskdale Railway.

It could be the harbinger of a new era of radio control for railways in Britain.

The radio telephone system was inaugurated by Lord de la Warr, managing director of the Rediffusion Group, whose subsidiary Redifon Telecommunications, redesigned and installed the equipment. Each of the railway's seven locomotives is fitted with a mobile FM radio-telephone and the system is operated by a controller who directs the movement of trains.

The first train to use the new system after its official inauguration was the new Silver Jubilee train, a motor-integrated three-coach passenger train designed and built at Ravenglass to celebrate the Queen's Jubilee.

## Government's pension plan is condemned

BY STUART ALEXANDER

NEARLY SEVEN out of ten people dislike the Government's plan to give trade unions the sole right to appoint half the management bodies of company pension schemes, according to a survey commissioned by the Confederation of British Industry.

More than eight out of ten questioned in the same survey believe that all members, not just trade unionists, should be represented on pension fund management boards.

The confederation concludes in a booklet on the future management of pension schemes that the Government has failed to make any case for its plan, and that it should formally be withdrawn.

"The CBI has been fighting the Government's proposals since they were announced in the White Paper in June, 1976, on the grounds that they would disenfranchise employees who are not to trade unionists," it says. "They would upset existing voluntary arrangements for participation by giving sole rights to the unions and put the control of pension funds in the hands of a small, unrepresentative minority."

The survey, carried out by the CBI by Taylor, Nelson and Associates, covered 1,355 people all over the country.

The CBI also surveyed arrangements in 100 large companies. This showed that 43 per cent of members already had full participation in the management of their pension schemes, 21 per cent had partial participation, and 37 per cent were in schemes where only trade unionists were working on plans for participation.

The confederation partly as a result of the two surveys, plans to publish in the autumn a guide to good practice for participation by members in the management of company pension schemes. It hopes to complete discussions with professional pension bodies by the end of the summer.

Who should manage pension schemes? CBI, 21, Fenchurch Street, London, S.W.1. 50p.

## Pressure can influence EEC policy—Fabians

BY CHRISTOPHER DUNN

EUROPEAN Community policy can be influenced by pressure, according to a Fabian Society guide to EEC Lobbying, published yesterday. It takes a detailed look at the community and the way policy develops.

Putting a human face on the community was a vital role for lobbyists. If lobby groups know how and where pressure could be applied, more people would become involved in policy formation. This in turn should help to break down the EEC's bureaucracy and remoteness.

Regular and informal contacts with Community officials were vital to the lobbying process. This report lists a directory of the community, its associated bodies and main personnel. This was:

best way independent groups could find out what was happening before proposals hardened into policy.

The report outlines diagrammatically the separate stages in the decision-making chain, relating this to the bodies which can be lobbied at each stage. The commission is said to be more approachable than the U.K. Civil Service.

Pressure groups ought to work together, preferably at a European level, with other groups in their field of interest, it says.

Influencing Europe: A Guide for Members, 11-11-11, by The Fabian Society and Helen Hastings, Fabian Research Series 332, 65p, available from Fabian Society, 11 Dartmouth Street, London, S.W.1.

## More tankers will be laid up

BY OUR SHIPPING CORRESPONDENT

VESSELS which were brought back into service as a result of break conditions caused by the severe winter in the U.S. will soon be laid up again due to the depressed state of the market, shipping brokers now anticipate.

E. A. Gibson, Shipbrokers, forecasts a "protracted term of inactivity." The downturn has been of such a drastic nature that it has resulted in a far greater over-supply of tonnage than was expected only a couple of months ago.

Owners of the larger tankers are endeavouring to put off the decision for as long as possible because of the cost involved in reactivating vessels.

Deterioration

Consequently, they are leaving their near loading areas in the somewhat forlorn hope that they will be able to obtain a rate sufficient at least to reimburse them for the cost of bunkers and port charges—a situation which is hardly possible at today's market levels.

Present rates for Very Large Crude Carriers of 200,000 tons or more for a voyage West from the Persian Gulf stand at about Worldscale 211 and with about 2m. deadweight tons now idle, there is no likelihood of improvement. Smaller tankers fare only slightly better.

Shipbrokers Eggar Forrester, also talk of "considerable deterioration" in the market in the last two months, especially in the Gulf.

Mediterranean and West Africa also took a "turn for the worse" with 50,000 tonners accepting down to WS47.5 for transatlantic voyages and 80,000 tonners accepting rates between WS39 and 40.

## Tax cuts forecast in July economic package

BY MICHAEL BLANDEN

A JULY ECONOMIC package including tax cuts and a lower interest rate, is expected to be announced in the next few days, says a leading economist.

Their economic review, published today, says that after the TUC is anxious to meet with the present Government, does not wish to take responsibility for an agreed pay policy as it has over the past two years.

Given the difficulties in negotiating a new phase of the policy, the Government expected to clarify its new role and pay policy to July. TUC could be endorsed, but not forced, by the TUC at its annual conference in September.

"Probably the best the Government can now hope for is a pay agreement which allows limited pay flexibility but closes a basic percentage or a minimum but no maximum. Other elements of the J economic statement could include confirmation of the cut in 55 per cent in the basic tax reduction in petrol excise and a reduction in the luxury rate VAT and a tightening of the sector price controls but no rate sector controls.

"We expect the Chancellor to announce that he will stick to the £2.7bn. DIF limit on Public Sector Borrowing requirement for 1977-78."

In addition, the Government could feel inclined to set its figure for the pay ceiling it will like to be observed in 1978. This could be offered October to meet this ceiling, as a forward commitment to direct taxation further in spring 1978. Budget should ceiling hold."

**Luxury items**

There could be some fur moves later this year by Government, perhaps reduce VAT on luxury items or reduce purchase controls.

Next spring's Budget, in a possible increase of settlements, could include £2.5bn. cut in personal taxation, offset to a modest extent by higher excise duties increases in corporate taxation.

Pay settlements were like average about 15 per cent earnings terms of the p of the next pay round.

The settlement pattern also change if the consider number of employees due reach agreements in the month of the present phase the pay policy put the def off for a month to take advantage of easier conditions under that.

On the basis of this pay cut, retail prices could be expected to rise by nearly 12 per cent through this year or 10-12 per cent through 1978.

● The package of tax offered unconditionally in Budget fell far short of what was needed to correct the inflation, an Institute Economic Affairs publication. Dr. David Morgan asserts.

In a special Hoarth 1 published as a supplement earlier "Over-taxation by tax," Dr. Morgan insists the net effect of the inflation Budget changes "to increase the real tax borne by the overburdened majority of taxpayers in 1977 as compared with 1976-77."

● The rate of inflation (I.C.S.) is approaching per David Morgan, Institute to National Westminster claims to-day.

## Paris show to launch Norman aircraft

BY ARTHUR SANDLES

MR. DESMOND NORMAN, half of the famous Briton-Norman design team which produced the Islander aircraft, will have his own new project, the NDNR Firecracker, a two-seat civil and military trainer aircraft on view at the Paris air show this week.

"This move comes a week after Mr. John Britton, erstwhile solo project since the two men went their separate ways."

Mr. Britton and Mr. Norman co-founded Briton-Norman, but parted after the company was acquired by Fairley in 1972.

The first Firecracker has now had its maiden flight, and should complete the necessary official work in time for flying to Paris for the show.

The aircraft is being offered on a "technology transfer" basis which means that Mr. Norman's company, NDA Aircraft, will provide all the expertise necessary for a developing country to establish its own manufacturing plant, equipment and technological training.

It should be possible to set up a 100-aircraft project for a basic investment of \$5m. This would produce Firecrackers for sale competitively priced with present competition in the field where aircraft cost \$10,000 to \$15,000.

The Firecracker is a propeller-driven machine designed to replace models ageing in design, or remodelled from those designed for other purposes. It is fully aerobically, with retractable undercarriage and a dive brake.

## High hopes on free bargaining

BY CHRISTOPHER DUNN

A RETURN to free collective bargaining would not mean expansion, says Mr. Morrell, director of Centre for Forecasting and Accountancy magazine.

If there were a return to free bargaining, it would mean that firms would be able to set wages and conditions of work more flexibly, and would be able to adjust their labour force more quickly to changes in demand.

Mr. Morrell forecasts a decline in trade union membership from 6.5 million in 1976 to 5.5 million in 1981, with 50,000 people leaving the labour force as a result of this.

The continued growth of labour force from women would also reduce union influence because competition from women jobs.

Time worked might be about three hours a week, but the new work would not be done by women workers to cover the working year.

## EXHIBITIONS

EXHIBITION OF THE YEAR... 1.50

# Businessman's Diary

## U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
21-23 June	British Goods Exhibition (cl. Oct. 80)	Battersea Park, S.W.11
21-23 June	Scottish Handling, Plant Engineering Exbn.	Glasgow
2-7	Photo World 77	Nat. Exbn. Centre, B'ham.
12-15	Self-Service Display Equip. & Shopping Ex.	Nat. Exbn. Centre, B'ham.
13-17	Quality Control & Materials Test Equipment Ex.	U.S. Trade Centre, W.1
14-16	International Print Fair	Canary Wharf, E.C.2
14-18	Access Plant Show	Radlett
20-24	Int. Chemical Engineering Exhibition	Nat. Exbn. Centre, B'ham.
21-23	Roll-on/Roll-off Methods in Marine Transport Ex.	London Hilton, W.1
21-23	EIA Engineering Exhibition	Metropole Centre, Brighton
21-23	Thermal Acoustic, Vibration and Insulation Exbn.	Wembley Conf. Centre
21-24	Royal Highland Show	Edinburgh
26-30	Contract Furnishing, Int. Des. Exbn.	Olympia

## OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
1-10	International Padua Fair (cl. June 5)	Padua
1-10	Barcelona International Fair	Barcelona
3-12	International Aeronautical Exbn.	Paris
3-12	International Printing & Paper Fair	Dusseldorf
4-12	Civil Engineering & Constr. Site Equipment Exbn.	Brussels
6-11	Heating, Refrigeration & Air Conditioning Exbn.	Paris
6-18	Int. Hotel & Catering Exhibition	Tel Aviv
15-17	Int. Hydraulic and Compressed Air Exbn.	Johannesburg
20-25	Int. Hydraulic and Compressed Air Exbn.	Paris

## BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
31-June 1	Financial Times, Aerospace Daily, Air at Cosmos, Aviation Daily, World Aerospace in 1977	Paris
1	Association of Industrial Development Officers: Finance for Industry	London Hilton, W.1
9	The Henley Centre for Forecasting: Britain in the 1980s	Carlton Tower Hotel, S.W.1
13-14	AMR International: Strategic Corporate Planning	Hotel Intercontinental, W.1
13-16	Association of Certified Accountants: Effective Internal Auditing	Hotel Russell, W.C.1
14-15	University of Manchester Institute of Science and Technology: Economic Models: International Forecasts for Europe, U.S. and Japan	Manchester
15	Imperial College: International Finance	30, Old Queen St. S.W.1
15-17	Bradford University: Social Forecasting for Business Planning	Exhibition Road, S.W.7
15	European Study Conferences: Reducing the Cost of Business Travel	Heaton Mount, Bradford
16-17	Industrial Behaviour Advisers: New Directions in Work Motivation & the Influence of Bullock	Portman Hotel, W.1
20	InComTec: Law for Mobile Field, Sales, Overseas and Out Workers	Waldorf Hotel, W.C.2
20-24	Roffey Park Management Centre: Interaction of Business Methods for use in Training	Royal Garden Hotel, W.8
21	Confederation of British Industry: Business Opportunities in China. Closing speech by Mrs. Margaret Thatcher MP	Horsham, Sussex
21	P-E Consulting Group: Solving Problems by Simulation	Quaglin's, S.W.1
21	Confederation of British Industry: Brazil—Workshop 1977	21, Tothill St. S.W.1
21-24	Brunei U.K.: Recent Developments in Economics	Uxbridge
22	Confederation of British Industry: Korea—The Ten Billion Dollar Market	21, Tothill St. S.W.1

## FT'S FINANCIAL DIARY

The following is a record of the principal business and financial events during the week. The Board meetings are mainly in purpose of considering dividends and official indications are available whether dividends concerned are interim or final. The sub-divisions shown below are based mainly on last timetable.

Company	Dividend	Company	Dividend
40 ANY MEETINGS		London County Secs. 11pct. 2pct. 3pct.	
41 ANY MEETINGS		London County Secs. 11pct. 2pct. 3pct.	
42 ANY MEETINGS		London County Secs. 11pct. 2pct. 3pct.	
43 ANY MEETINGS		London County Secs. 11pct. 2pct. 3pct.	
44 ANY MEETINGS		London County Secs. 11pct. 2pct. 3pct.	
45 ANY MEETINGS		London County Secs. 11pct. 2pct. 3pct.	
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99 ANY MEETINGS		London County Secs. 11pct. 2pct. 3pct.	
100 ANY MEETINGS		London County Secs. 11pct. 2pct. 3pct.	

## U.S. pays 5 1/2% more for its Scotch

Financial Times Reporter  
ALTHOUGH Scotch shipments to the U.S. fell by over 7 per cent. in the first third of the year, compared with the same period of last year, to 2,213,000 proof gallons, their value rose 5.5 per cent. to £45,196,000. In that total, bottled blends fell only 5.6 per cent. to 5,591,000 gallons and their value rose 7 per cent. to £37,497,000. Blends shipped in bulk for local bottling fell 8 per cent. to 3,594,000 gallons and also 2.7 per cent. to £7,427,000. Bottled malt whisky rose 21.7 per cent. to 23,000 gallons and 97 per cent. to £232,000. In the case of Japan, the period's shipments fell 4.8 per cent. to 3,171,000 gallons, but value rose 12.85 per cent. to £13,514,000. Of that total, bulk malt whiskies—still more than half the total—fell 9.88 per cent. to 1,742,000 gallons and also 1.4 per cent. to £4,813,000, while bottled blends crept up 1.5 per cent. to 1,415,000 gallons and advanced 21.5 per cent. to £8,698,000.

## Wages pyramid

Delegates' support for a new pay deal followed a plea from their president, Mr. Denis Howell, the Minister for Sport, not to reject the union movements' partnership with the Government. He warned that demands for free collective bargaining would result in a "laissez-faire economic policy in the workplace". By contrast, however, Mr. Frank Chapple, general secretary of the 420,000-strong Electrical and Plumbing Trades Union, sounded a warning that the union movement would not accept another rigid pay policy this year. His viewpoint is set out in his union's journal. Mr. Chapple, an influential member of the FTC and a committee, says that he will not accept a Third Stage policy which "remotely resembles the last two stages."

## LABOUR NEWS

### Big APEX vote for pay deal

SUPPORT for another round of pay policy came yesterday from a major white collar trade union representing some 245,000 professional and clerical workers. Delegates to the Association of Professional, Executive, Clerical and Computer Staff (APEX) annual conference in Scarborough voted overwhelmingly for a total return to free collective bargaining when the present pay policy expires on July 31. Instead, the conference decided that a new pay policy was essential but that it should include flexibility to overcome pay anomalies and differentials as well as offering more tax concessions. Specifically, the union would like to see a 6 per cent. increase in take-home pay for most workers achieved through tax relief measures. A further 3 per cent. increase would be available for negotiations with companies an anomalies, differentials, low pay, or any other issue the company and unions consider to be a priority.

### Basnett spells out case for reflation

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT  
SOUTHPORT, May 29. THE IMPORTANCE of a reflationary package from the Government to smooth the way towards another agreement on wages with the trade unions was spelled out yesterday by Mr. David Basnett, general secretary of the 960,000-member General and Municipal Workers Union. He did not talk of a summer Budget, but the Chancellor and other Ministers have been hinting that one could be on the way. Speaking after the first day of the union's conference, Mr. Basnett said that there must be action on prices, jobs and growth. He named the construction industry and investment in other capital projects as prime candidates for a boost. This is the kind of condition the loyal and moderate GMWU is now setting for agreeing to some kind of Stage Three. About two-thirds of the social contract options to be debated on Wednesday are hostile. The national executive has put up its own pro-social contract resolution which would commit the union to "an orderly return to voluntary collective bargaining." It goes on, however, to say that "any understanding between Government and the TUC on how this return should be conducted must have as a prerequisite explicit Government action on prices and firmer action to preserve and create jobs." Mr. Basnett said last night: "I think it is an absurdity that we have a society in which young people's first experience of life is to join the dole queue." He also talked of the need for tougher powers and action on prices and general reflation to repair the omissions of the April Budget—a Budget condemned by virtually all trade union leaders. Whether or not a summer Budget is directly tied in with talks on a Stage Three income policy, such a package could be the key to getting over a "big leaf" policy (to use the Prime Minister's expression), let alone the continuing tight control of earnings sought by the Government for the 12 months after July 31.

### Railways extend worker scheme

By Ian Hargreaves  
AGREEMENT has been reached between British Rail and the three rail unions on the extension of participation arrangements which could eventually lead to the appointment of railwaymen to the main railway Board. The first part of the new deal means that leaders of the unions will join the British Rail management planning group, which deals with such matters as productivity and resource utilisation. A first meeting of the enlarged group is expected shortly. At the same time, an attempt is being made to increase the scope of the lowest tier to the present consultative structure by giving new powers to committees at station and depot level which managers and railwaymen have equal representation. Mr. Sidney Weighell, general secretary of the biggest rail union, the National Union of Railwaymen, said that the aim was to develop participation machinery at the lower levels before moving on to tackle the question of central Board structure. "We are far from enamoured with Bullock, and want to feel our way on the question of the main Board, but we have now accepted that we must start to make changes at lower levels, where the problems are not so great," he said. An investigation of other possibilities for extending industrial participation on the basis of an earlier report on the subject from the Tavistock Institute will be re-launched this week at a meeting between the unions and the Board. The Tavistock research was commissioned in the days of Sir Richard Marsh's chairmanship of British Rail, and it revealed that most railwaymen were uncertain about becoming involved in management decision-making. This was one of the factors in the rail union's previous antagonistic response to any suggestion of extending industrial democracy on the railways.

### Rebuke for 'cowardly' Jaguar management

MANAGEMENT of Jaguar Cars, a subsidiary of British Leyland, has been strongly criticised as "cowardly" by an industrial tribunal for giving in to union demands to dismiss a worker. In a written decision the tribunal awarded £1,743 compensation for unfair dismissal to Mr. Stanley Smith, 61, a tool setter. It said that he lost his job when he delayed by two minutes a shop steward's order to stop work. Thereafter, says the tribunal, he was harassed and hounded in turn by the company, shop stewards, his trade union, and fellow-employees. These pressures included management's "cowardly refusal to resist the demands of haggard bullies" calling for Mr. Smith's dismissal.

### Pilots plan end of strike

A PLAN to end the six-week-old Bristol helicopter dispute, which is hitting supply services to North Sea oil rigs because of a strike by pilots, has been put forward by the pilots' union. The British Airline Pilots' Association wants an independent inquiry into the cause of the dispute carried out under the auspices of the Advisory, Conciliation and Arbitration Service.

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Technical Page

ELECTRONICS

Texas bid for markets

DATA PROCESSING

Logabax has many plans

POLLUTION

Cleans fume from air

TWO EXTRACTION units which recycle fume-laden air instead of expelling it and thus wasting heat, are being marketed by AGA Welding, Horton Close, West Drayton, Middlesex.

particularly efficient at removing the most hazardous very fine particles. These filters are easily and quickly cleaned and do not interfere with the flow rate of the extractor.

TRANSPORT

Gauges tow tension

WITH an eye on the increased amount of towing at sea due to offshore exploration, Transducers (C.E.L.) is offering the Data Line tensionmeter that can be placed on towing or other cables to indicate the tension.

This centre axle is in fact a fully-welded and environmentally protected shear pin incorporating a combination of strain gauges to detect any change in the rope being monitored.

INSTRUMENTS

Traces the tracks

MARKETED in this country by MTL Microtesting and made in the U.S. by Testline is the "Shortstop" instrument for diagnosing solder shorts and other wiring problems on printed circuit boards.

Nature of the probe design and the pulse train are not revealed by the company but it is claimed that the equipment senses only the near field magnetic anomaly while ignoring the radiated field, resulting in an easily traceable path.

PROCESSES

Reducing the cost of water

PROCESS AND cooling water can now cost 60p/1,000 gallons when taken from the water authority main supply.

The company hopes this will convince him that he could save money by re-allocating his cooling water and investing in a cooling tower.

FAST, EFFICIENT and low-cost sealing of fine and gross porosity in castings, extrusions and sintered parts, is claimed to be achieved by using a vacuum impregnation system.

HAND TOOLS

Torque kept Speeded-up cone winder under control

A SERIES of torque-limiting screwdrivers is now available from MHH Engineering Co. There are six models for production work.

THROUGHOUT the world, yarns are spun on ring spinning frames to produce relatively small packages of yarn on cop.

which is able to rewind from cop-to-cop at speeds of 25 metres/min. and upward.

TEXTILES

Most widely used of all these automatic cone winders is the Autocone of W. Schiaffino and Co. Germany (British agent: B.L. Engineering, 11, Edward Street, Bradford BD4 4BE, 0274 34158).

A FINANCIAL TIMES SURVEY ISLAM IN THE MODERN WORLD JULY 1 1977

The Financial Times is preparing to publish a survey on Islam in the Modern World in its edition of July 1 1977. It has been timed to coincide with the international economic conference organised by the Islamic Council of Europe on the theme "The Moslem world and the Future Economic Order."

INTRODUCTION The political power of Islam and its spread in Europe and elsewhere: the extent to which the Islamic community's spiritual values differ in different areas.

ISLAM AND BANKING Islamic precepts and attitudes to banking: where banks operate according to Islamic law: the extent to which Islamic attitudes to banking affect banks in the Islamic world.

ISLAMIC AID AGENCIES Membership and activities of the Islamic Development Bank: awareness of the need for aid among Islamic nations: extent to which aid is provided on a regional basis.

ISLAMIC POLITICAL CONFERENCES History of the Islamic secretariat: the successive Islamic conferences and the issues dominating them: links between the Islamic nations and other world organisations.

ISLAM AS A GROWING FORCE The extent to which Islam dominates life in the Arab world and other areas of Moslem majority: the reinstatement of Islamic law and the extent to which it is practised.

BLACK MOSLEMS The links between Islam and the movement to support Black rights: transformation of the Black Moslems' role and their links with Islamic sects outside the United States.

ISLAM IN EUROPE Where the main communities are: a history of the British community: increasing concern with family life and Islamic education: the aims of the Islamic Council of Europe. The scope and prospects of the conference on "The Moslem World and the Future Economic Order."

MOSLEMS IN AFRICA The states in Black Africa in which there are considerable Moslem groups: the role of these communities: African variations on Islam.

MOSLEMS IN THE FAR EAST Areas in which there are sizeable Moslem communities - Indonesia, Philippines, Malaysia, and Singapore; how Islamic culture fares in areas distant from Arabia.

ARCHITECTURE Areas in which most building is going on and a study of different styles: the sources of architectural influence.

ISLAMIC LAW The resurgence of Islamic law in modern governments: the capacity of the law to deal with modern states.

CENTRES FOR ISLAMIC STUDIES How academic attitudes towards the study of Islam have changed: the main areas for studies in Europe and the United States: the main publications.

ISLAM AND POLITICAL CREEDS Islam as a modern social force in comparison with left-wing ideologies: the conflict between the modernising and conservative aspects of Islam.

PILGRIMAGE The importance of the pilgrimage in Islam: the rituals: the importance of the holy cities of Mecca and Medina.

The proposed publication date is July 1, 1977. Copy date is June 17. For further details of the proposed synopsis and advertising rates contact: Laurette L. Lecomte-Peacock, Assistant Overseas Manager - Middle East, on 01-248 8000 extension 515. The Financial Times, Bracknell House, 10 Cannon Street, London EC4P 4BY. Telex: 885033.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

Powder coating

AN IMPROVED powder recovery hood for electrostatic powder coating systems has been introduced by Volatic Coatings, 57, Stirling Road, Acton, (London, W3 0J-992 6931).

The equipment can complete four to five treatment cycles per hour. The impregnant is a reactive styrene free polymer. Its low viscosity gives minimal drag-out.

MATERIALS

Keeps heat in houses

THERMAL capacity of buildings is a point ignored by U.K. building regulations but taken seriously into consideration in the USSR, Canada, West Germany, France and Austria where many areas are subjected to far greater extremes of temperature than any experienced in the British Isles.

But thermal capacity can have a considerable effect on the comfort and the cost of heating in any dwelling and while the Alexander Russell Group, developer of Ruslite, recommend the reduction of the U value of the solid wall from 1.7 to 1.0 watts per square metre per degree C in the latest amendment of the building regulations, the company says the U factor alone does not determine annual energy consumption.

The company points out that there is a maximum economic limit to the amount of insulation that can be applied to walls, floors and roofs and, in an extensive examination of the heat loss reductions over inches of lagging show that from six inches onwards, the law of diminishing returns begins to make itself felt.

Thus, it asserts, it is far better to use heat-retaining Ruslite as the inner leaf of a cavity wall since, as soon as the home heating is switched off, the 10cm. Ruslite layer will begin to radiate its heat content back into the dwelling space as well as through the cavity.

For a typical cavity wall with standard brickwork and the layer of the proprietary material the composition of which is not disclosed - it transpires that the latter provides more than half the insulation power and some four times as much as the outside brickwork.

Seals pores in castings

FAST, EFFICIENT and low-cost sealing of fine and gross porosity in castings, extrusions and sintered parts, is claimed to be achieved by using a vacuum impregnation system announced by Ultraseal, 768, Buckingham Avenue, Trading Estate, Slough, Bucks. (Slough 268777).

The equipment can complete four to five treatment cycles per hour. The impregnant is a reactive styrene free polymer. Its low viscosity gives minimal drag-out.

Attractive -and safe

LATEST IN the range of laminated glazing panels from Tudor Safety Glass is a series of patterned sheets suitable for glass doors and side panels.

There are seven designs available, three carrying a linked four-pointed star, and four with a leaf pattern. The glass can be clear or translucent. The decoration is silk screened on one of the sheets of glass comprising the lamination.

It is estimated that more than 28,900 accidents a year occur in the U.K. involving architectural glass (many from broken glass doors) and more than 30 per cent of the total concern children aged between five and 14. In the U.S. the accident figures associated with glazing are about 4m. annually.

The added cost of using laminated glass (sheets bonded together with reinforcing layers of polyvinyl butyral) ranges from 50 to 100 per cent compared with conventional glazing. In addition to being intrinsically safe, the patterned glass makes the panel visible.

In conjunction with Monsanto, which makes the bonding plastic, Tudor is organising a series of demonstrations and seminars to demonstrate the advantages of laminated glass to police, bank officials, architects, security firms, local authorities and education authorities.

Peelable floor coat

COMPANIES wishing to match the floor colour of their exhibition stands with the rest of the decor often find that exhibition hall operators object to painted floors. The same problem arises with television centres where the studio floor has to be coloured to meet the scene requirements.

LEGAL NOTICES

No. 00176 of 1977 IN THE HIGH COURT OF JUSTICE Chancery Division Companies Act, 1948. In the Matter of GOLDLOCKS LIMITED and in the Matter of the Companies Act, 1948.

No. 00183 of 1977 IN THE HIGH COURT OF JUSTICE Chancery Division Companies Act, 1948. In the Matter of VASCO EXPORT-IMPORT LIMITED and in the Matter of the Companies Act, 1948.

No. 00666 of 1977 IN THE HIGH COURT OF JUSTICE Chancery Division Companies Act, 1948. In the Matter of TRAVELLERS GUILD LIMITED and in the Matter of the Companies Act, 1948.

COMPANY NOTICES

THE THAMES VALLEY AND COVENTRY COMPANIES, LIMITED. NOTICE OF AN EXTRAORDINARY GENERAL MEETING OF THE THAMES VALLEY AND COVENTRY COMPANIES, LIMITED.

EDUCATIONAL

THE SCHOOL FOR GERMAN FOR ADULTS Holiday courses for STUDENTS oekos CH-8025 Zürich

PLANT AND MACHINERY

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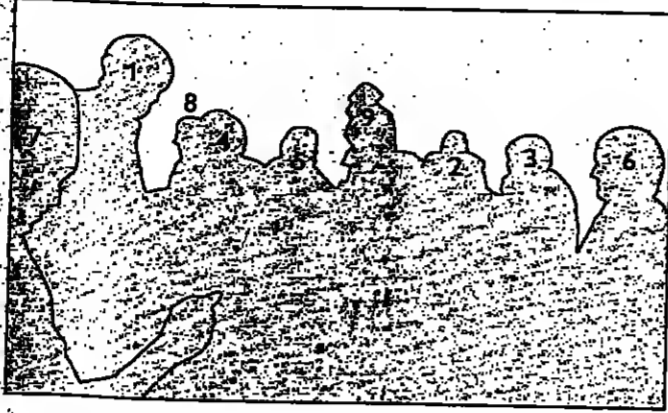


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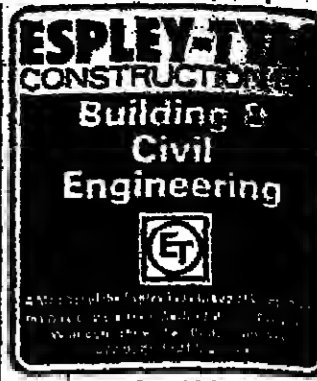
creates a particularly appropriate partnership. The Norwich way of doing things is the A P Bank way of doing things. The accent is on personal contact with people who are experts in their field.

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Whether you're looking for a personal endowment policy, a company pension scheme or export finance in any currency, you can get it the Norwich way.





# Building and Civil Engineering

## £50m. Warsaw air terminal £3.3m. port cargo shed contracts

IT HAS been confirmed that Cementation International, the overseas construction company in the Trafalgar House Group, has won the contract for the design, construction and equipping of a new air terminal complex in Warsaw for LOT Polish Airlines. This contract is worth about £50m.

The terminal will include a 43-storey tower block, four-storey podium with basements, about 15 floors of office accommodation, a terminal hall, shopping arcade and 21 floors of hotel accommodation.

Cementation's design team includes the architects Szmigiel-ski-Katten in association with London architects Raglan Squire and Partners. Mechanical and structural designs are by T. H. Engineering Services.

It was only recently that Cementation announced it was undertaking a £24.6m. contract to build two hotels in Gdynia. Work is just starting on this job and the company expects to make a start on the air terminal in September.

ARCOS Building Export part of the Taylor Woodrow Group, has been awarded two Middle East contracts for cargo sheds totalling £3.3m.

The largest is a £2.2m. contract for 13 cargo sheds in Port Rashid. The steel-framed buildings, covering 117,000 square metres, will be constructed by Costain-Taylor Woodrow, the main contractor for Stage I of the port extensions, for the Ruler of Dubai.

ARCOS will supply 2,200 tonnes of structural steelwork fabricated to specifications laid down by Alarcos Middle East consulting engineers for the project.

The roof and walls of the sheds will be clad with asbestos sheeting. Almost 3,000 translucent rooflights and over 1,000 roof ventilators will be fitted; each building will have eight sliding doors to give vehicle access.

The second contract, worth £1.1m. is to supply five cargo sheds for Doha Port, State of Qatar.

The Qatar Government's Engineering Services Department, for whom Costain and Partners are acting as consulting engineers, placed the contract for the 23,700 square metres of steel-framed buildings with Taylor Woodrow and Partners.

All the structures will have a 45 metre clear span portal frame and will be clad with aluminium sheeting.

## £18½m. contract in the Gulf

Five deep water berths in the port of Mina Zayed, Abu Dhabi, are to be constructed by Howard Algeimi Construction Company. The contract is worth about £18½m.

The berths will be 1,150 metres long and have a dredged depth of between 9.5 and 11.5 metres. They will be formed by a precast and in situ reinforced concrete deck and beams supported on 610 mm diameter tubular steel piles up to 27 metres long.

Ancillary works included in the contract are roadworks, fresh water reservoirs, a water tower, port services and miscellaneous buildings.

The contract is scheduled for completion in 16 months and work has already started. It was awarded by the Department of Public Works, The Emirate of Abu Dhabi. The consultants are Sir Alexander Gibb and Partners.

Howard Algeimi Construction Company of Abu Dhabi is an associated company of John Howard and Company International of the Howard Group.

## Carter wins £3½m. orders

WORK WORTH a total of £3½m. has just been secured by the R. G. Carter Group.

The King's Lynn company is to build a distribution depot for GEC/Holpoint at Llandudno, North Wales, worth £300,000 while R. G. Carter (Humberston) is about to start work on a process factory for Finidis in Grimsby worth £500,000 and on an £800,000 contract for a bar and shop development in Sheffield for the Yorkshire Dales Housing Association.

In Norwich, John Young, also a member of the Carter Group, has won a contract for the construction of a psychiatric assessment unit at the Norfolk and Norwich Hospital for the East Anglian Regional Health Authority worth £138,000. R. G. Carter has won contracts for two areas of housing on the Bowthorpe Development, south of Norwich, worth a total of £1.1m.

## Designing a drainage system £3.9m. for R. M. Douglas

R. M. DOUGLAS Construction has been awarded contracts totalling £3.9m. all of them for industrial projects.

The largest is a contract worth £1.1m. for a paper fibre recycling plant at Prudhoe, Northumberland for Kimberly-Clark. The contract calls for the construction of a two-storey process building which will be steel-framed with reinforced concrete floors and insulated steel cladding. It will be connected by a staircase block to a two-storey office. There will also be waste paper and finished fibre stores.

The next largest contract is worth just over £2m. and has been awarded by Matthew Hall Engineering for process and ancillary buildings at a chemical works at Enfield, London. This work involves construction of an "L" shaped process building and an extension to an existing workshop.

A third contract is for an extension to the Fomco International factory at Sedgfield, Durham. Valued at £830,000 it calls for the construction of a single-storey, steel-framed building with steel wall cladding and roof and a reinforced concrete basement.

Another award is for a coil production warehouse at Can-terbury for Joseph Lucas. This will be a steel-framed building with offices and will cost £348,000.

R. M. Douglas Roofing has been awarded contracts for metal deck roofing and cladding totalling nearly £380,000. This includes a contract for £135,000 for Volkswagen at Milton Keynes, one for £129,000 at the Washington Centre, Washington, Tyne and Wear, and one for £116,000 at an advance factory at Runcorn.

## School and homes

STRATHCLYDE Regions' Council has awarded two contracts, totalling over £2m., to Laine for school construction. In Ayr, a comprehensive school for 750 pupils is to be built at a cost of £1.4m., and Laris Academy (a comprehensive school) is to be extended at a cost of £733,000.

The Ayr school, starting from a green field site, will include a three-storey teaching block, a single-storey administration centre, and a games hall. At the Academy, a single-storey lecture theatre, a three-storey teaching block and a games hall are to be added.

The Greater London Council has awarded John Laine Construction an £550,000 contract to build 53 homes for up to 136 people in three and four-storey blocks in Waterloo Road, South London.

## Hydraulic excavators from Ford

TWO HYDRAULIC excavators with 380 dogs slew, have been launched by the Ford Motor Company. Both are in the top class and are being built by the company's world-wide production equipment manufacturing facility at Chatterville, in French Ardenne.

The H45 is tracked, and the H45 is wheel mounted, and both are powered by a 4-cylinder Ford diesel engine, producing 70 hp at 2,100 rpm. All models are hydraulically driven, by the hydraulic power supplied three axial piston pumps. Speed is infinitely variable up to 6.8 rpm.

Maximum travel speed (forward and reverse) is 1.5 mph for the tracked model and 13.6 mph for the wheel version, which has hydro-mechanical four wheel drive and hydrostatic steering.

All work movements are controlled by two levers, and motion is controlled by a choice of multi-position or moment booms. A wide range of bucket and other construction equipment can be fitted. Maximum bucket capacity is 1 cu yard maximum lift 2.8 tons, wheel-mounted machine is fitted with stabilisers.

Maximum digging depth the H45 is 22 feet, and of the H45 22 feet—both have a maximum reach of 32 feet.

More details from Ford Motor for the tracked model, Ford Farm Road, Basildon, Essex SA14 3AD (0266 3000).

## Industrial buildings and offices Huddersfield hypermarket

WAREHOUSES and other industrial buildings are to be constructed at Morden Road, Merton, in South West London, at a cost of over £2m. The work is being carried out for Electricity Supply nominees by Willment.

Two other awards to Willment are for the construction of the reinforced structuring for an office block in Bishopsgate, London, E.C.2, for Bishopsgate Properties (£465,000), and for warehousing and offices at London Colney, Herts., for Meadpearl (£163,270).

WORK HAS started on what is believed will be Britain's biggest privately owned hypermarket, at Huddersfield, Yorks.

The 86,000 square feet building is being created by the conversion of a 100-year-old textile mill at Birkby, just outside the town centre, at a total cost of £10,000,000.

Tarmac Construction is carrying out the major work on the site under a £1.1m. contract. Part of Tarmac's contract will be to provide parking spaces for 600 cars, and to carry out landscaping of the site. This will include the creation of a lake which is being stocked with fish by a local angling club.

Architects are James Andrew Bock Associates and the quantity surveyors E. C. Harris and Partners.

## Wide spread of work for Wimpey

THREE contracts together worth about £2m. have been won by Wimpey's London and South East Division.

The largest, in central London, is for refurbishing and structural alterations of office and industrial premises known as Novello House in Wardour Street, W.1. Work, for International Contracts, has started.

For the London Borough of Ealing, in Southfield Road, Acton, Wimpey is to build six blocks of six-terraced houses, one block of five-terraced houses, and a three-storey block of 18 flats. Value of this contract is £915,000.

The third contract, awarded to the British Airports Authority, is for a 40 metre extension to the new central pier at Gatwick Airport at a cost of £710,000.

Further north, Wimpey has won two contracts totalling about £935,000. Nottingham City Council has awarded the company a £550,000 contract for the repair of 201 flats while a further contract has been awarded by the Mansfield and Worksop Co-operative Society for the installation of four escalators and the relocation of another in an extension to Co-operative House, Mansfield. This is in addition to a contract awarded to Wimpey in March last year for extension works and makes the total contract value £727,000.

Still further north Wimpey has been awarded a £700,000 contract for 78 houses at Dalgety Bay, Fife, Scotland.

## Windows for Hungary Lightweight additives

KOMPLEX, THE Hungarian Government importing agency, has placed a £700,000 contract with Blacknell Buildings (Montague L. Meyer group company), for the supply and installation of window manufacturing plant.

The machinery will be used to make Timberplast PVC coated timber windows. These will be installed initially in an adaptation of the GLASP system of school building now in use in Hungary.

TWO developments in connection with the use of lightweight concrete (Lytag) were announced last week by Chemical Building Products of Hemel Hempstead, Herts., a subsidiary of Fosco Minsep.

To improve the pumping qualities of Lytag equipment has produced an admixture called Complast 242. In powder form and a blend of dispersion and thickening agents, it enables Lytag concrete mixes to be pumped up to heights of at least 25 metres and through 100 metre long pipe runs at a higher rate than is possible with conventional pumped concrete mixes.

The other product is described as a grout stabilising admixture which is especially suitable for use in Lytag thermal no fines concrete used for floors.

The water content of a no-fines concrete is critical. Too much will result in the thin cement grout segregating and draining through the aggregate particles, producing a weak concrete. This fault is common and difficult to rectify.

So Chemical Building Products is now offering Complast GT, a grout thickening admixture, to combat this, enabling the production of no-fines concrete much less sensitive to variations in water content, exhibiting higher average strengths and without the further addition of cement.

## IN BRIEF

● To be delivered in August next year, a cutter suction dredger is being built by IHC Holland for Amsterdam Ballast Dredging, an operating company of the Ballast Nedam Group of Amsterdam. Overall length is 95 metres and position dimensions are 71.8 by 17.75 by 5.4 metres. She will be capable of high output dredging to a depth of 25 metres. Total machinery output will be 13,200 hp. The vessel will cost 40m. guilders (about £9.4m.).

● Y. J. Lovell (Midland) has been awarded a contract by The Wellcome Foundation for the erection of a liquids manufacturing building at Crewe Hall, Crewe, Cheshire. The value is about £1m.

● Wates Special Works has won a £226,203 contract from the London Borough of Hackney to modernise three blocks of flats at Shackwell House, Shackwell Lane, London, E.8.

● Bernard Sunley and Sons has won an order in Doha for the construction of a swimming pool and majlis for the State of Qatar.

● A range of instant accommodation units for home and overseas markets has been developed by Foster-Gunn International, one of the Foster Rainford Group of companies based near St. Helens, Merseyside. They pack flat for ease of handling and transportation and arrive on site with electrical wiring and plumbing complete. Prices start from around £3,000.

● Costain Construction has commenced work on a £130,000 contract for a three-storey office block on Great North Road, Finchley, for Coitain Property Developments.

# CONTRACTS AND TENDERS

**INVITATION FOR INTERNATIONAL TENDER NUMBER 1/77**

**THE ARAB CONTRACTORS (OSMAN AHMED OSMAN AND COMPANY)**

**TECHNICAL AND EXECUTIVE GENERAL DIRECTORY COORDINATION DEPARTMENT**

**29 EL GALAA STREET, CAIRO**

1. The Arab Contractors (Osman Ahmed Osman and Company) of the Arab Republic of Egypt, issues an international tender for the supply of construction equipment including bulldozers, tower cranes, concrete dumpers, combined man and material lifts, concrete hoists, foundation equipment and truck-mounted cranes. Financing of this equipment will be effected through a loan given by the Arab Fund for Economic and Social Development to the Tourah Portland Cement Company.

2. Offers are to be submitted directly to the Co-ordination Department, the Arab Contractors, 29 El Galaa Street, Cairo, marking the envelope in block letters TOURAH PORTLAND CEMENT COMPANY, and should be submitted by commercial registered agents or government commercial public sector companies registered as commercial agents.

3. Specifications and conditions can be obtained from the aforementioned address, 4th Floor, for 20 Egyptian Pounds per copy.

4. Opening dates will be in accordance with the time in the tender specifications book. Offers arriving later than this time or before date of publication or not accompanied by the required letter of guarantee will not be considered.

**SUDAN RAILWAYS STORES DEPARTMENT**  
Contract No. 5025

**Supply of 4 (four) Diesel Driven Inspection Cars**

**NOTICE**

1) Controller of Stores, Sudan Railways, Athara invites tenders for supply of 4 (four) Diesel Driven Inspection Cars.

2) Details and specification can be obtained from the Office of Controller of Stores, P.O. Box 65 Athara or from the Office of Stores representative at Catering Stores, Khartoum, on submitting a written application bearing 50/5 stamp duty and payment of Ls.3.000/5 for one copy of details and specification.

3) The closing date fixed for acceptance of tenders in this Office is Saturday 2nd July 1977 at 12.00 hours noon.

**OFFICE OF CONTROLLER OF STORES**

**RWANDA**

**Tea Factory RAMBA-GASEKE**

African Development Fund based in Abidjan (Ivory Coast)

a) Planning and construction of the main factory building plus other necessary spaces.

b) The supply and fitting out of all necessary tea machineries which will enable a yearly production of 1200 tons of dry tea.

c) CTC method will be accepted against orthodox one.

Available at BAYER INGENIEUR Ges MBH, Postfach 2228, D-6750 Kaiserslautern, Federal Republic of Germany, against payment of DM 300,— or

BAYER INGENIEUR Ges.mbh  
B.P. 778 KIGALI-RWANDA against payment of FRW 10,000.

**GOVERNMENT OF FIJI**

**TENDER FOR TELEPHONE CABLE**

The Department of Posts and Telecommunications of the Government of Fiji proposes to purchase the following equipment in connection with a second telecommunications project. Payment for this purchase will be made from the proceeds of a loan being provided by the International Bank for Reconstruction and Development.

Telephone cables in various sizes comprising approximately 33 kms of underground PCUT and PCQT lead sheathed types; 166 kms of underground polythene insulated and sheathed types and 5 kms of aerial self-supporting polythene insulated and sheathed types.

Tendering is open to manufacturers in member countries of the World Bank and in Switzerland. Manufacturers who are interested in tendering for the supply of part or all of this equipment should apply for tender documents by 16th June 1977 to the Crown Agents at the following address enclosing a remittance of 40 U.S. dollars or £25 sterling and quoting E2B/FIJI P72WB/7/06233.

The Crown Agents for Oversea Governments and Administrations

4 Millbank  
London SW1P 3JD

By order of the Owner

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Built 1955 by Charles Hill & Sons Bristol, as a Bottom Door Motor Hopper Dugout Vessel. Converted 1972/3 to a Trailing Suction Dredger.

Dimensions: 150' x 33' x 13' 6"

Engine: British Polar Diesel Type M46M with single screw & Diesel auxiliaries.

Hopper Capacity: 500 cu. yd.

Suction Pump: 20/20 Simon Warras, belt driven from a Ruston Paxman 12 r.h.p. diesel engine.

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**Henry Butcher & Co**

59/62 High Holborn, London WC1V 6EG  
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ROYAL SWAGING MACHINE by Farmer Norton, max. capacity 1" M.S. bar.	P.O.A.	0902 42541, Telex 33
MODERN USED ROLLING MILLS, wire rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saw—presses—guillotines, etc.	P.O.A.	0902 42541, Telex 33
1974 FULLY AUTOMATED COLD SAW by Noble & 2 1/2" wide batch control for cutting non-ferrous bar, Max. capacity 5" round and square.	P.O.A.	0902 42541, Telex 33
50 HP HORIZONTAL BULL BLOCK 800 mm diameter drawblock.	P.O.A.	0902 42541, Telex 33
1970 CUT-TO-LENGTH LINE max capacity 1000 mm x 2 mm x 7 tonne coil fully overhauled and in excellent condition.	P.O.A.	0902 42541, Telex 33
1965 TREBLE DRAFT GRAVITY WIRE DRAWING machine by Farmer Norton 27"-29"-31" diameter drawblocks.	P.O.A.	0902 42541, Telex 33
STRIP FLATTEN AND CUT-TO-LENGTH LINE by A.R.M. Max capacity 750 mm x 3mm.	P.O.A.	0902 42541, Telex 33
1963 HYDRAULIC SCRAP Baling Press Capacity of main ram 85 tons.	P.O.A.	0902 42541, Telex 33
THREE UNUSED TO DIE SUPERFINE WIRE DRAWING MACHINES by Marshall Richards.	P.O.A.	0902 42541, Telex 33
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WATER PURIFICATION SETS, convert sea water to drinking water, 85 gallons per hour. Diesel driven—unused.	£4,000	0283 Telex
390 KVA ENGLISH ELECTRIC DIESEL GENERATING SET, 400 volts, 3 phase, 50 cycles, 750 r.p.m. Ex. ministry. Two available.	£2,500 each	0283 Telex
250 KW DORMAN DIESEL GENERATING SET, 415 volts, 3 phase, 50 cycles, 1500 r.p.m. Ex. ministry, skid-mounted, 401 hours on clock.	£4,000	0283 Telex
250 KW PAXMAN DIESEL GENERATING SET, 415 volts, 3 phase, 50 cycles, 1000 r.p.m. Ex. ministry, skid-mounted.	£7,500	0283 Telex
WEIGHBRIDGE, AVERY 40-ton capacity 32ft. x 9ft. platform dial indication.	P.O.A.	01
RECORD 100 BLOCK-MAKING MACHINE plus mould boxes, No. 3 Cumflow mixer, 30 ton portable with automatic weigh gear.	£2,400 complete	Telex
<b>WANTED</b>		
MODERN USED ROLLING MILLS, wire rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.		

# The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

THE NATIONAL MANAGEMENT GAME

## Racing for the first division

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

SMITH, a mighty man who wrote Henry Wadsworth Longfellow, and there can be no doubt that he was right. At the 16 semi-finals in the 1977 National Management Game, Smith was one of the 16 great companies, a champion of the industrial training board, and Mr. N. W. Smith, Smith entered on his own but he works for British Jot having met him yet, not tell whether he has and sinewy hands. But he has won through the three knock-out rounds of a contest with no team mates him, I am sure that "his a wet with honest sweat." Smith and the other 15 are all that now remain 896 entrants who began a round of the championship on January 7, the last round of the o to be played by post will reduce them to four, not only one will carry away 1000 first prize from the o to be played face-to-face on July 28.

is the eighth annual Management Game to be moved by the Financial Institute and the Institute of Chartered Accountants in London and Wales, with the participation of British Industrialists and the Institute of Management. A "first division"

### THE SEMI-FINAL DRAW

Peterson Candy International Mr. N. W. Smith (British Gas)	Imperial Metal Industries, Birmingham
Rank Xerox, Uxbridge* Coopers and Lybrand	Midland Bank, Leeds Commercial Union Assurance Gulf Oil**
Unilever audit dept, Fort Sunlight	J. Wall and Son (Ice Cream) Construction Industry Training Board
GKN Fasteners Rank Xerox, Denham Deimonte Foods	Hoover The Littlewoods Organisation**

\* Champions 1976; \*\* Champions 1975; \*\*\* Finalists 1976

is making no forecasts about the likely finalists. All the survivors managed admirably in the quarter-final round, he says.

The computer programme cursed them with a difficult economic climate in which to decide what prices to set in the different markets, and how much of their own or borrowed "cash" to allocate to marketing, running and expanding their factories, distribution, research and development, hiring consultants, and so on. In addition, they each had to contend with a factory fire which restricted their production in the early stages of the round.

"But in general they all did the right things, made good money, and came out top of their respective playing groups," says Mr. Layzell.

As a reward, he is fixing the computer to make economic life even more difficult during the semi-finals. Tough markets and fairly tight money will be expected by arbitrary limits on marketing and research spending. Moreover, all 16 will be bedeviled at the start by a peculiar strike which will prevent them from buying any new

### Survivors

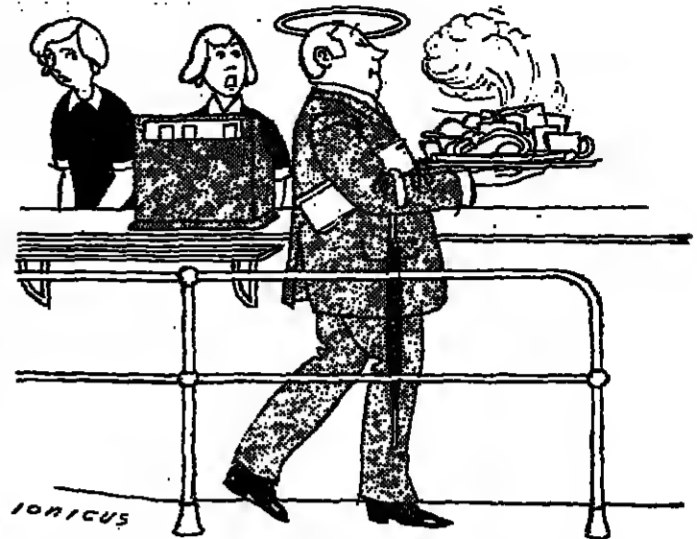
The 1975 champion, Littlewoods Organisation, is in the last playing group, and a second team from this company could well have been drawn alongside it had not been drawn against the 1976 champion Rank Xerox in the quarter-final.

Jack Layzell, administrator of the National Management Game,

### EXECUTIVE HEALTH

## Sin in a corpulent state

BY DR. DAVID CARRICK



... sensation of virtue exceeded by a voracious appetite ...

STOUTNESS was once a status symbol; a sign of success. Look at photographs of our Victorian ancestors and note the proud faces above the several chins of the prosperous merchants. Count the number of links in their watch chains, each representing the success of their expanding trade and corporations.

To-day, corpulence is almost a sin. So it is that, for medical reasons and, far more usually, for vacuous vanity, slimming is the rage, and whole industries grow fat on the fears and fancies of folk with fuller figures.

In the previous article a fortnight ago I suggested that the causes of obesity are not really understood, but the answer must lie somewhere in the complex mechanism of a body which makes the most sophisticated computer seem as simple as an hour-glass. The actual processes of digestion and metabolism, however, can be outlined in simple terms.

hormones monitored by "the leader of the endocrine orchestra," the pituitary. Some- where in that marvellous manoeuvring lies the key to the problems of obesity.

Losing weight rapidly is easy. A few days in the Sahara without food or water is highly effective—if you survive. Fat is taken from the depots to provide energy for the exercise and none is replaced. Water is lost by breathing and sweating and via other channels. As the body is made up of 70 per cent water, which weighs ten pounds per gallon, it is quite evident that even the fattest person will be reduced to a bag of bones after such an experience.

The same principle is employed by certain operators who administer purges and diuretics to their clients and feed them on lettuce leaves. Of course the victims lose weight, but thirst is more powerful than will-power and the only pounds permanently lost are of the sterling variety. Crash-dieting may damage the health and is peculiarly useless.

For after the patient has subjected himself to it his sensation of virtue is only exceeded by an appetite that is so voracious that, within weeks, he may become heavier than before he started.

Weight can be lost painlessly. The patient should cut down on

### Pituitary orchestra

Starting from the point where digested foods are passed from the stomach to the small intestine, selective absorption occurs. Carbohydrates are reduced to simple sugars and carried to the liver which converts some to glycogen for immediate use as fuel for heat and energy. Any excess is stored for future use or converted into fat.

Proteins are likewise carried to the liver and then employed for body growth and tissue-repair, excess amounts being converted to glucose. Fat products pass into the lymphatic system, then to the blood and so to the liver which makes them available for heat and energy, any excess being stored in the subcutaneous and deeper tissues for emergency mobilisation.

The three major food factors are therefore closely inter-linked and delicately balanced in the process of metabolism. And like most, if not all, of the bodily functions, this balance is controlled by

### Life should not be too awful

So the life should not be too awful and also for the benefit of the psyche, a good "blow out" once weekly can do no harm. The programme takes many weeks or months. But by the time the target is struck, the slight change in the patient's life-style should be easy to maintain.

One man of 18 stone took five months to drop to 12 stone and the change was remarkable. His bronchitis and the pain in his knees vanished—so did his jollity. For from being grateful for his frailty, he had the sense to suggest that I should help to buy him new clothes. You can not win them all.

## Hiring the disabled

EMPLOYERS' guide on the disabled people has been given equal opportunity at published by the Man- Services Commission as a long term campaign use companies to take bandicapped workers. shed in conjunction with tical Advisory Council employment of Disabled the guide says avail- ers in the U.K. and have found that dis- people usually work as id as well as their non- apped colleagues. Com- should rid themselves of eived notions about the of disabled people, the says. They should give dr consideration when it filling job vacancies e-a disabled person has been taken on, be or she should be given equal opportunity at work.

The guide, called Positive Policies, insists that employers should be prepared to modify premises, equipment and job descriptions where necessary. Expert advice on the employ- ment of the disabled is always available from the local dis- abled centres or employment officers. He can give employers details of grants and other financial aid available to companies which take on disabled people.

Positive Policies—A Guide to the Employing Disabled People: Manpower Services Commission; 1977. Price 15p.

## TSA goes for action learning

THE Training Services Agency is planning to establish a national network of action learning groups for managers in industry. This is the first time that a public sector body has sponsored an action learning scheme.

The new scheme is to be run in collaboration with the Institution of Works Managers. It will involve the appointment of eight regional co-ordinators who will set up management action groups in their own areas. Each group will have four to six managers. They will learn by working together to investigate and tackle the real life problems that confront them in their own companies. Group meetings will be held over a six-month period and each one will be guided by an experienced counsellor.

The TSA says the scheme has two main objectives. The first is to help experienced managers to improve their effectiveness. The second is to enable companies to develop management development programmes that are relevant to their own needs and problems.

The regional co-ordinators are to be based in Cheshire, Birmingham, Bristol, Sheffield, Glasgow, Cleveland, Leicester and St. Albans.

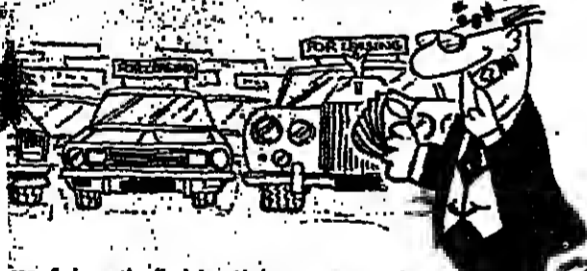
Mr. C. J. Benson, general secretary of the Institution of Works Managers, said that the new scheme would add a much needed development to industrial training. "Our overall aim is to increase the productivity of industry by raising the standards of industrial management," Mr. Benson said. "It follows that we are delighted to have the support of the TSA to develop the whole concept of action learning."

"We believe our branches will give the scheme full support and if industry will collaborate, it—and the country—will show a substantial return on this investment in still better managers."

The action learning groups would not be limited to members of the institution, Mr. Benson added. "It is very much our wish that other institutions and professional bodies will be able to co-operate."

Sue Cameron

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## Small firm training needs to be studied

THE GOVERNMENT has selected part of manufacturing industry as the test bed for its research into the management and business education needs of small businesses. To be carried out by Manchester Business School, the study will range widely across the country, and will look at sectors such as metalworking, printing, plastics, textile finishing and timber working (including furniture). It will take about a year to complete.

When it first announced the study last year, the Department of Industry did not confine itself just to manufacturing industry. Its belief that many small business owners "are finding increasing difficulty in keeping abreast of the administrative complications of the modern world, and are often not able to take advantage of the available management training facilities because of the demands which their businesses make on their time."

The study will concentrate on both needs and current provisions to meet them, and could lead to research into other sectors of the small business community, the DoI said last week on behalf of the Department of Education and the Training Services Agency, with whom it jointly commissioned the work.

The team plans to consult a wide range of representative bodies, including industrial training boards, trade associations and chambers of commerce, the DoI said.

C.L.

## An American road to managerial mobility

AMERICAN companies expect to pay removal expenses of between £5,000 and £10,000 when they send an executive from one part of the country to another, a conference on international relocation was told last week.

But if the cost is high, U.S. organisations and their employees can call on the "total relocation" services provided by American estate agencies. The agents — or realtors as they call themselves — will arrange all aspects of a move for an executive and his family. They will help him find a new home, provide lodgings during house hunting trips and arrange for the transportation of furniture. This all-in removal business is booming in the States, and now it is possible that estate agents in Europe may start to provide a similar type of service.

The one day conference, held in London, was organised by Property Agents International and the All Points Relocation Service (APRS).

Mr. John Schwaller, of APRS, explained that his organisation is an association of estate agents from all areas in the U.S. It has links with a number of other companies, including American Airlines, Western Airlines, Holiday Inns and Avis. When an executive wants to move, his estate agent can arrange everything through the concerns that are affiliated to APRS.

Most North American companies expect to pay the entire removal expenses of their managers, Mr. Schwaller said. This is because experience has taught them that it is cheaper "to retain the experienced employee, at almost any price than to hire an inexperienced, unknown factor."

The £5,000 to £10,000 cost of moving a manager would normally cover the broker's commission on the purchase of the new home, Mr. Schwaller said, as well as the cost of transporting the manager's family and furniture, up to three house-hunting trips and the installation costs of such things as dishwashers, television aerials and refrigerators.

"We find that corporations are perfectly willing to pay in order to provide their transferred employees with kid-glove, red carpet treatment," he said.

"As multi-national organisations now transfer executives and entire plants in the North Sea and North Africa, you can readily see that the need for such services is world-wide."

Opportunities for expansion in the U.S. removal business were "endless," Mr. Schwaller claimed. To make life even easier for executives on the move — and their companies — home purchasing corporations had been set up. Sometimes called "red party" buying groups, these will contract to buy up the homes of all the employees that a particular company is planning to move to another area.

S.C.

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MONDAY, MAY 30, 1977

A need for persuasion

LAST YEAR the Royal Commission on Environmental Pollution produced a report which warned of the dangers of too big a commitment to nuclear power, especially if this involved reliance on fast breeder reactors.

Security On the handling of radioactive waste the Commission proposed and the Government accepts that management should no longer be vested in the same department which has the task of promoting nuclear power.

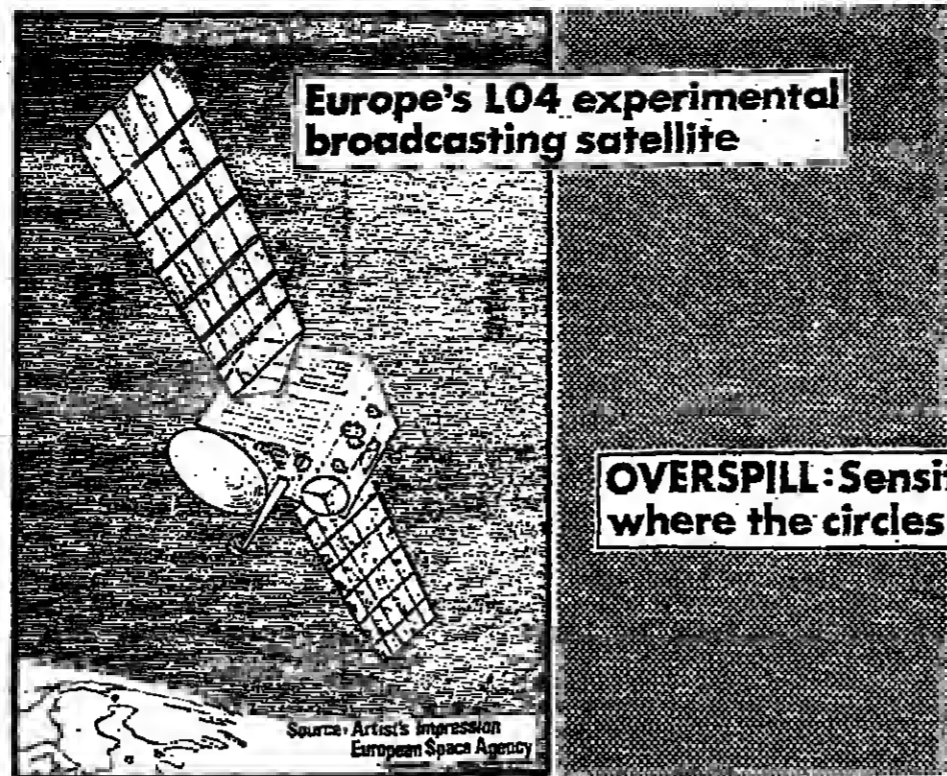
All these aspects of nuclear power are important: it is essential that the nuclear industry's impressive safety record is maintained.

Not the best way of doing it

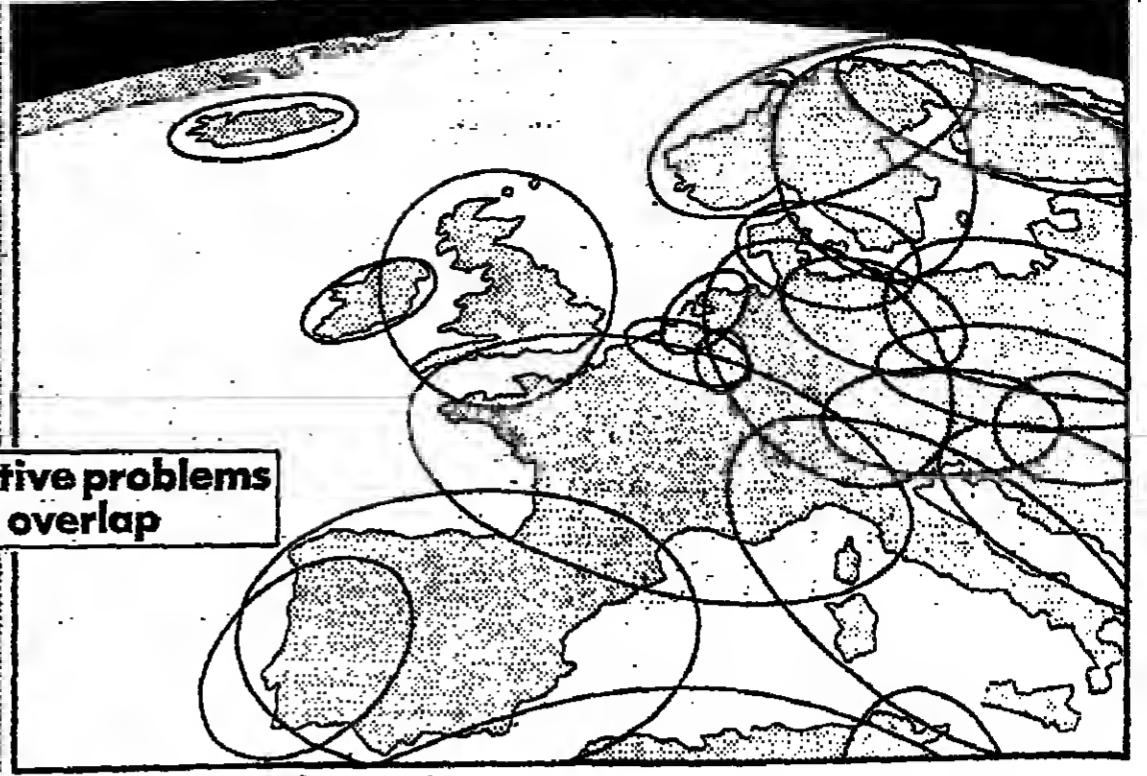
IT IS a fair bet that President Amin of Uganda will not, after all, be attending the meeting of Commonwealth Heads of Government that opens in London next week.

Tyrant From the start, there should have only been one consideration, namely that under no circumstances could President Amin be allowed to come.

Cat and mouse That last is the feeblest excuse of all. It is an excuse for dodging the issue.



Europe's L04 experimental broadcasting satellite



OVERSPILL: Sensitive problems where the circles overlap

TV's bird high in the sky

By DAVID FISHLOCK, Science Editor

IF anyone needs convincing that there is a case for providing developing nations with the most advanced technology in sight, he should listen to Dr. P. V. Krishnamoorthy, director-general of India Television.

Entirely new concept Satellites have already been used very successfully as relay stations high in the sky, to bounce TV programmes across oceans.

The most obvious advantage is the ease with which the programmes reach viewers spotlighted in the satellite beam.

interference are clearly defined. The 12 GHz waveband can accommodate 40 TV channels. One promising way of avoiding problems of spillover for some areas is the concept of "super-beams" embracing a group of neighbouring nations.

Footprints and uplinks But how far off is the novel technology of direct satellite broadcasting? The enthusiasts believe that it could be quite close—some even claim that all the technology needed has already been demonstrated for the 12 GHz microwave band now contemplated.

Such a satellite was first demonstrated by the U.S. in 1974, with ATS-6, the first communication satellite having enough power to transmit to relatively small and inexpensive ground stations—a vital requirement, as we shall see.

At this end of the technology scrap, the Oslo government is planning to give a new twist to an old idea. Three years ago the Norwegians clapped an environmental tax on "one trip" containers for beer and soft drinks.

MEN AND MATTERS

The de-hiring business

There is no denying the fact that the most important part of business life is telling someone they have got the sack.

There are now about a half-dozen or so of these agencies at work in the U.S. and have been retained, according to Fortune magazine, by such well-known corporations as Exxon, United Airlines, Motorola and Sears Roebuck.

Royal Bognor's Greek connection

It is a sign of the times that a hotel which was described in a guidebook a couple of years ago as a "genteel hideout" for Royalty in the last century should actually have been shut down early this year.

Recycling (?)

Am I imagining it, or do most of the brighter ideas for dealing with life's problems come from Scandinavia? For instance, of V (who bestowed "Regis" on clear Norway's countryside, of the town in 1929) was, I seem to recall, supposed to have been

Lesson

Pietr Neporozhny, Minister of Power and Electrification in the USSR, seems to have impressed Anthony Wedgwood Benn and his energy officials with his sense of humour.

Observer

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Advertisement for Nautilus Patek Philippe watches, featuring a large image of a watch and descriptive text about its features and price.

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# FINANCIAL TIMES SURVEY

Monday May 30 1977

# International Property

Tenant demand in most world property markets is recovering, though not enough to encourage much development. However, capital values are likely to benefit from the growing trend towards direct institutional investment.

**jöll'ity**, *n.* merrymaking.

**jöll'y**, *a.* joyful; festive, jovial; (colloq.) pleasant, delightful. *n.* (Nav. sl.) royal marine. \**v.t.* banter, talk into a good humour, flatter. *adv.* very. ~ (-boat). clinker-built ship's boat smaller than cutter.

**jolt**, *v.t. & i.* jerk from seat, &c.; move along with jerks. *n.* such jerk.

**jölt'y**, *a.*

**Jones, Lang, Wootton**, *n.* professional service. in fields of international real estate *v.t.* take counsel with; seek advice on all property matters.

**Jön'athan**, *n.* (Brother) ~, personified people, typical citizen, of U.S.

**jong'uil** (jō-, jū-), *n.* rush-leaved daffodil; pale yellow.

**Jor'dan alm'ond**, *n.* fine almond, esp. from Malaga.

## JONES LANG



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# INTERNATIONAL PROPERTY II

## A slow revival under way

TO-MORROW WEEK, in Paris, a 40,000 sq. metre, 35 floor block known as Pariferic, will go to public auction. In Eastern Paris, away from previously established office locations, it was developed by Amalgamated Investment and Property, one of the British companies which took the European property markets by storm in the early 1970s. Largely completed by the end of 1975, Pariferic still had parking areas and restaurants to be completed when ATP became the first major quoted British property group to go into liquidation the following spring. A letting campaign has been unsuccessful and now the building, on which bankers led by Credit Lyonnais have advanced nearly £200m., will go for auction with a reserve of £100m.

### Leaders

European, and particularly British institutions, have been the boom years continue to haunt the world's property markets, and while European and U.S. property continues to count their losses, it is perhaps surprising that some balance has returned to most world markets as portfolios with compound growth rates of 12 or 15 per cent. in the post-war period have proved investment belief in the best-built, best-let buildings as an inflation hedge, as to any quick revival of tenants' demands for space.

more closely tied to prevailing interest rates. What is gradually altering the face of world property markets is partly the growth of pension funds, adding to the total weight of investment money from which property gets its share, and partly the fact that most money managers are starting to accept the idea of a higher proportion of direct property investment in their portfolios.

As a senior Canadian investment manager says, "After a decade when the common stock the darling of the North American institutions, really hasn't done much for us, we are bound to look for another equity instrument; and maybe that's real estate."

Hence the Canadian insurance companies are winning permission to put a greater portion of their assets in direct property investment; hence United States pension funds, freed from previous legal restraints in this area, are looking more closely at property performance, and the U.S. insurance giants are, while still prepared to provide long-term, fixed interest money on the right properties, wondering whether, since they take much of the risk, they should not enjoy more of the rewards. The process is gradual, and in the crisis which developed in

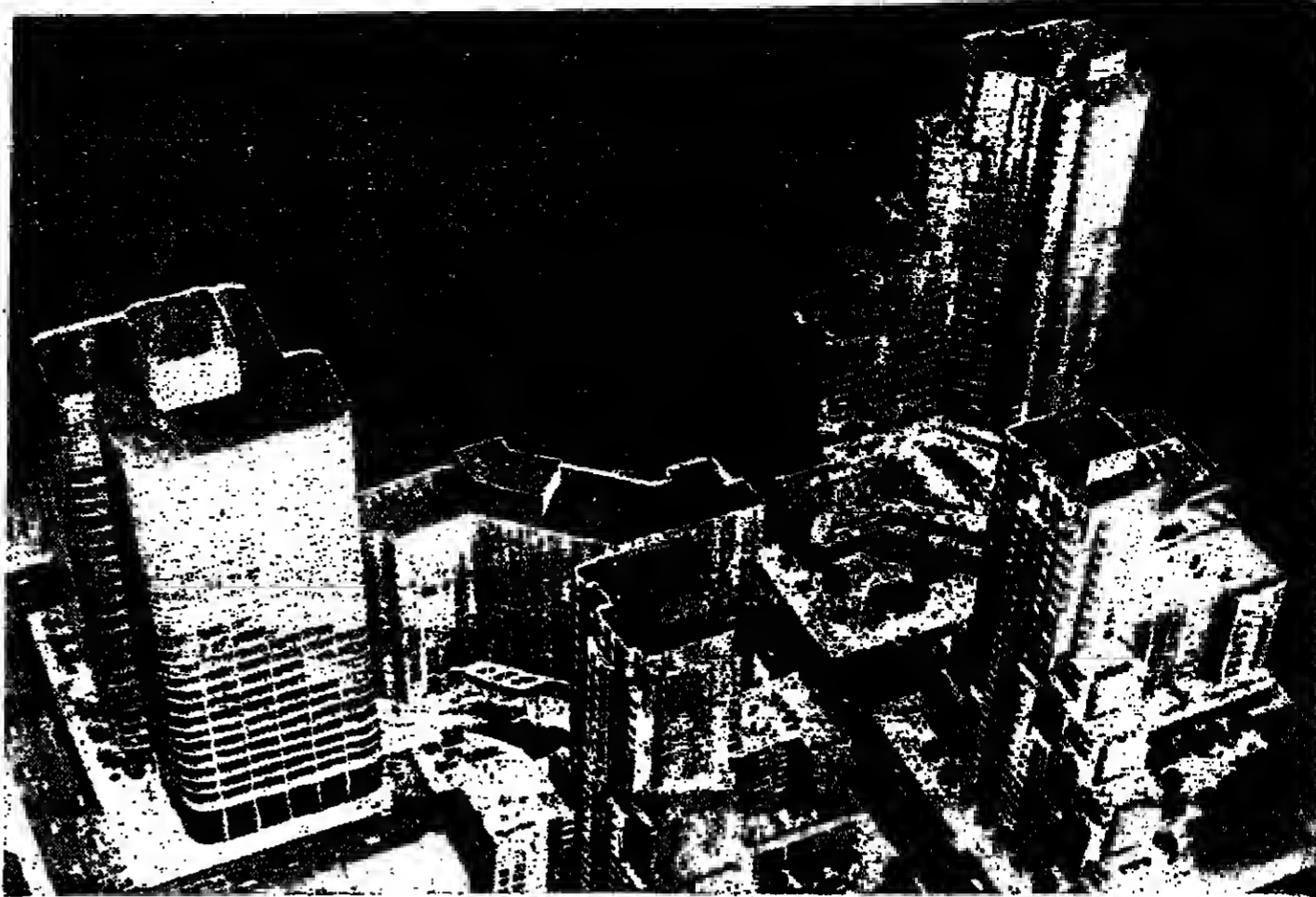
most markets in 1974-75, many institutions naturally returned to the most conservative forms of financing—out went participation mortgages or the system of buying land and mortgaging the leasehold—and cut back any direct investment. But the trend in many markets is clear. Direct property investments may be expected to rise from something between 5 and 15 per cent. of fund assets at present to somewhere nearer a quarter. In certain cases in Britain the quarter level has already been passed.

This world trend toward long-term real estate investment is, in part, a comment on the recent performance of other possible investment avenues. But it is also a reflection of growing uncertainty about not just the performance, but the life expectancy of government stock, corporate bonds or any form of equity in industrial or commercial companies.

Money managers, catering for the needs of pensioners in half a century's time, express a growing belief that a portion of their funds should be in the sort of properties which, should currencies fail or the largest industrial enterprises fail, represent some measure of value in whatever system emerges after the crash. It is not a fool-proof philosophy. Buildings become antiquated. It is apparently possible to say with complete conviction that some of the condominium blocks financed by real estate investment trusts in Florida only a few years ago will never be occupied. They will presumably one day be blown up and something more suitable built instead. But the best properties do last—a major bank's headquarters building might last longer as an investment than shares in the bank itself. The best shopping locations will almost certainly outlast a fair proportion of the retail chains now trading in them.

This philosophy accounts for more institutional investment in property than is perhaps sometimes realised. Allied to the good record of asset protection which the best buildings and land have shown against other equity or fixed-interest investments, the attractions look likely to remain in an era of greater restraint on corporate profits and distributions and growing turmoil in money markets.

The pace of the movement into direct investments in property is chiefly influenced by tax considerations with North America, the best example of



La Cité, a \$110m. office, hotel, shopping and residential complex in Montreal to which the Post Office Staff Superannuation Fund has made a \$16m. loan, with a participation in rents, is being completed at a bad time for the Montreal market, though the office space is three-quarters let.

markets where the exemptions enjoyed by pension funds are less significant when weighed against the personal tax shelters available by depreciating what are usually appreciating assets.

Even so, the trend in the U.S. and Canada is already established and a growing emphasis on planning, with the almost inevitable consequence of reduced zoning for commercial buildings, is reinforcing the value of prime existing locations.

In part allied to the more stringent planning controls which local and national governments impose is a more populist movement in many of the developed countries, against excessive redevelopment. Its influence, with the environmentalists even managing to slow the pace of construction in markets with a strong demand like California, must also favour the value of existing property. This attitude is perhaps one factor in the anti-developer spirit which has been endorsed by governments of widely different political colour.

Britain is, unfortunately, the best example of a country where the combination of tight planning has reduced the supply of new space, created an inflated value for the trickle of new developments and hence created fortunes which have offended even a Conservative government sufficiently to clamp down on property profits.

Quentin Guirham  
Property Correspondent

Although the Canadian market is fairly stagnant, there is enthusiasm for new developments, and investment trusts are in good health. All the indications are that although the Quebec problem is causing some concern, competition for prime properties is likely to increase.

## Canada

A PROPERTY market without a history of sudden booms usually avoids the slumps of another two years, with isolated well-centred markets in some certainties at present posed by a stagnant economy and the spectre of the break-up of the federation, is only exhibiting a few of the symptoms of a real slump in its property market. There is a severe overhang of vacant office space in several cities; development of office space has slowed to a trickle; shopping centres are having trouble letting the smaller units around the private Olympia and York group's buyout a large chunk of the only part-let-uris portfolio in New York. Traditional investment funds are also flowing that way, both from wealthy private investors and from public company failures and institutions.

Against this unquantifiable loss of investment interest must be balanced the rising proportion of Canadian insurance and pension fund portfolios invested direct in property. The major life companies here, at present mostly got between 6 and 8 per cent. of their assets invested direct in real estate, with three kept firmly caged at present, for there are plenty of problems—several experts consider the market to be in the same state as Britain's two years ago—but the cautious lending policies of the Canadian banks and insurance companies have probably cushioned developers from the worst excesses.

What serious over-building there has been is not a country-wide phenomenon. Toronto has an estimated 5m. square feet of office space vacant, 2m. square feet of it in the downtown financial districts, an overhang likely to take the rest of the decade to absorb. Winnipeg is badly overbuilt, and so is Vancouver with around 1.8m. square feet vacant against a take-up of around 500,000 square feet in the best recent years.

But Calgary and Edmonton, while there is something over 2m. square feet vacant between the two of them, are lively markets where the better space is now letting quickly—witness Triplex's big lettings in Calgary and the continuing success there of Hammerson's Bow Valley Square complex. In a quite different way, Montreal, while anything but a buoyant market, is not yet the scene of many property disasters. Office development there has been slowing down for some years and there is probably not more than 1m. square feet vacant at present.

In retailing, the enormous profits made on the early shopping centres may never be repeated. But even in today's economic difficulties, the first phase of the Eaton Centre in Toronto, probably the largest development of its sort going on in the world, is trading above target after three months. Whether it can pay its way will take years to prove, but the novelty of this architecturally brilliant scheme, an attempt to bring the theory of suburban shopping centres back to the city centre, looks like assuring it a brisk start to its trading life. It is the small shopping malls beneath the major office developments in the city centres which at present are bothering some property managers.

Short of further evidence that the Parti Québécois could really split Canada, the outlook for

retreat from the Canadian market by British companies. Capital and Council's disastrous investment and subsequent sale of Abbey Glen Property of Toronto was one of that group's worst overseas problems; English Property Corporation's disinvestment in Triplex was a much shrewder deal and the closer involvement of the Bronfmans, through Edger Investments, is seen in Canada as a valuable prop for the group, whose earnings record compares unfavourably with that of the other large quoted property group, Cadillac Fairview (controlled by the other side of the Bronfman family), and which is more exposed to any downturn in values in Quebec. In contrast with these cuts in British investment in Canada, Hammerson started its first new development in three years, a 110,000 square feet office block.

How much further foreign owned groups will be prepared to trust in Canada's future is difficult to answer until the Quebec question has been disposed of. Montreal, as it happens, has always been a favourite city for foreign property investors, and Fir Quebec Corporation, which is virtually the only office scheme going ahead there at the moment, significantly has Spanish partners in one of its and Italian ones in the other. It appears to be finding tenants for these schemes, but in other Montreal buildings there is a slow but steady flow of tenants from companies leaving the province, or cutting their representation there. There were even two vacant floors in Triplex's Place V. Marie, an unheard of position for the city's prime buildings.

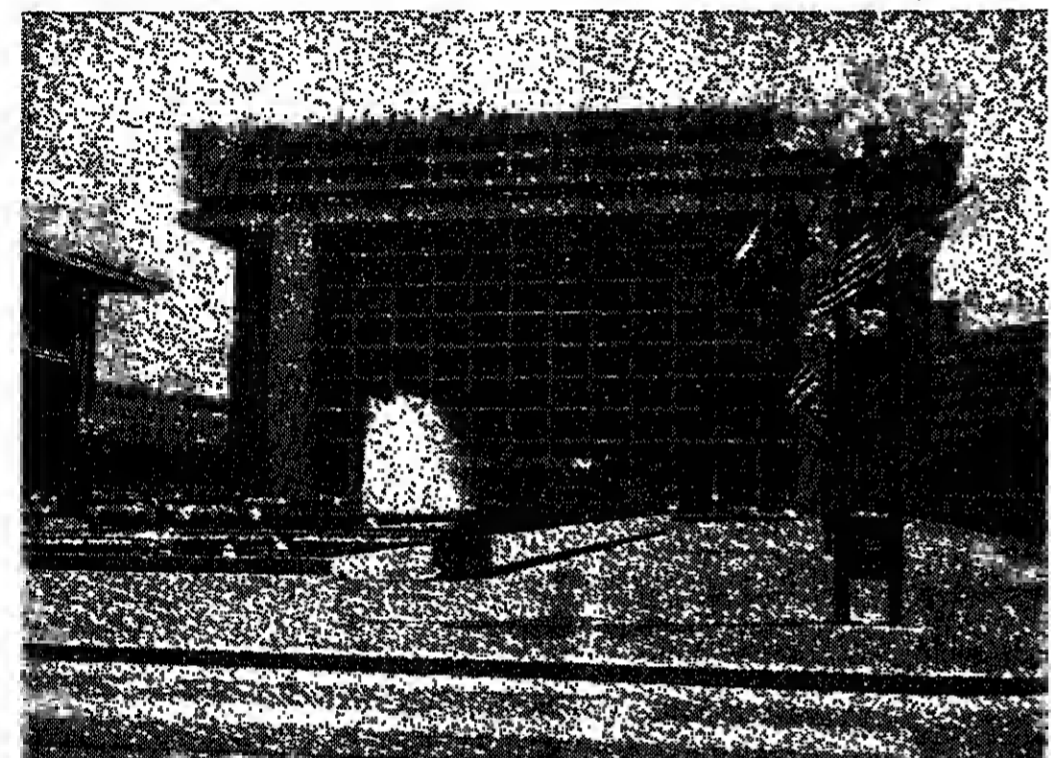
apparently spoken for. Nevertheless, if any one of the 13 companies threatening to let over Bill 1 carried out the threat to switch head office employers as large as the R. Bank, Du Pont, of Cao Northern Telecom, Canada Pacific and Canadian Indust among them.

### Competition

The life companies appear as disinterested with residential investments as in other countries with growing rent control; while on the lending side, the banks and trust companies have taken over most of the single family dwellings business. In short, the industrial equity market showing little immediate promise, the competition for prime property investments is likely to increase.

The topical example of this is the negotiation between MEPC Canadian Properties and the group of pension funds represented by Morguard Trust Company, to buy up the British parent MEPC's 65 per cent stake. A bid for the remaining shares at the same price of \$C13.60 a share would follow. MEPC Canadian has a solid, well-spread portfolio, with a book value in the Canadian accounts of \$171m. (\$96m.), 10 per cent of it in Quebec and strong representation in Toronto, Etobicoke and Vancouver. Since it was known that the parent Board was prepared to negotiate, several Canadian companies have studied the company, but there seems little doubt that the pension funds can pay the best price.

There is no binding agreement as yet, and Toronto Stock Exchange reaction initially appeared doubtful if the deal would go through. But around three months is given as the likely period to determine tax rulings—Morguard presumably wanting to amalgamate MEPC Canadian into a "CS" tax free company—and other conditions. Should the deal go through, then MEPC would continue a



The 2m. sq. ft. L'Enfant Plaza office, hotel and shopping complex in Washington, the first investment in U.S. property of the Electricity Supply Industry's pension funds. The funds' interest is in a \$10m. loan to the owning company, expected to lead to an equity stake later.

U.S. property appears to be over the hump, and heading for recovery. But the emphasis in prime city areas is likely to be on rental rather than development in the near future, and it looks as though the investment funds will be directing their attentions towards established and attractive properties.

## The United States

WOULD YOU rather own nine New York City office blocks, two of them admitted to be well past their prime and not covering their costs, the rest of them fair buildings, with some good names among the tenants, but all in a property market which has only just bottomed out from a long recession; or would you like 80,000 acres of Orange County, California, only a tenth of it so far developed, with approved plans for a city of 400,000 people, industry and commerce, to be managed by a proven development team and with odd other goodies like a 101,000-acre ranch in Montana thrown into the deal?

The U.S. property market has just witnessed these two sales, and has ended up putting almost the same gross value, \$350m., on both prospects. Between them, they illustrate why even sceptical observers, accustomed to the regular swings in the U.S. property development cycle, think that the worst is over for its real estate industry, even if many bankers, insurance men and developers will be living with the consequences of the post-1973 slump for years to come. The revival of the economy is, once again, papering over the cracks of a boom which went too far.

The New York sale was from the Uris Buildings portfolio owned by National Kinney Corporation, in turn owned 47 per cent by Warner Communications. The roots of the Uris problem went back to the curious auction of 1973 when it looked as if British Land, with the backing of National Westminster Bank, would buy up

these apparently prime pieces of New York real estate. Since British developers were riding high, and being forced to look for their foreign excursions outside Europe because prices had gone too high there, while most Americans had long before felt the draught in the New York office market, it looked as if British Land would succeed in its bid.

At the last moment it was gobbled by National Kinney, and most observers have regarded that as a blessing for British Land, even if there is a counter argument that the strength of the pound at the time, the long-term finance lined up for the purchase of Uris, the different debt and tax structures of British companies and the equity holding which National Westminster was to take as part of the deal would have provided a long-term bonanza for British Land. In any event National Kinney won the day and it is the U.S. group which had to see out the bad years.

A willing seller of most of the Uris assets for most of the time, it finally clinched a deal in March this year for the nine New York blocks with Olympia and York Developments of Toronto, a private company which has grown rapidly in Canada under the astute management of the Reichmann family. Have the Reichmanns got their timing right again, buying into New York on the turn of the market—the housing market there, a fair indicator for the commercial one, started reviving last year?

The loss to National Kinney is around \$25m., before possible tax benefits, and the Reich-

manns have had to put down cash—coincidentally they are negotiating some sales in Toronto—of \$50m., while inheriting mortgages of \$300m. The buildings include the IIT and American Brands buildings on Park Avenue, the Harper and Row building on East 53rd Street, and the J.C. Penney headquarters on Sixth Avenue, on which Penney has an option to buy. Kinney has stated that six of the nine were sound investments, major contributors to its cash flow.

### Recovery

Following the sale of another Uris building, 1633 Broadway, to the German Otto Versand mail order concern, after banks had foreclosed on the \$62m. construction loan on the block, is it only the foreigners who believe in New York's recovery? Not really, for Manufacturers Hanover, Equitable Life and Prudential of America are among the bigger names who have completed or are negotiating major property purchases in the city. The light of company headquarters staff appears to have eased, and there are even some major moves back. The final buildings left over from the early 1970s building boom are being completed—some, like the Citicorp Center, very successfully and little construction will be started again until rent levels start to reflect new building costs. So the balance of supply and demand ought to be returning, even if there is still over 6m. square feet of space in Manhattan which has never been occupied.

So the York and Olympia purchase represents a belief in the

value of existing office space, even if not all of it is prime, against a background of a long pause in construction of new space and increasingly stringent planning controls. Accustomed to the constant replacement of buildings, and continual over-building during boom periods, U.S. investors must now consider that some centres like New York will see few additions to the stock of prime space from now on, and given reasonable tenant demand, a consequent real growth in rents which has often been absent.

It is a concept of values which is totally different to that which is apparent in the rapidly expanding cities like Houston, or to the almost infinite projections of earnings which drove the price of Irving Company, the owner of the 80,000 Californian acres, from \$200m. to \$337.4m. over two years, ending last week in a victory for the Taubman-Alten-Irvine group of private investors, including Henry Ford II. Again there was a significant foreign bidder, Cadillac Fairview of Canada, but it was the Mobil Oil company's property subsidiary which was finally the under-bidder.

Perhaps significantly, what Mr. A. Alfred Taubman, a major developer of shopping centres, and his associates were buying was not just the Californian acres but an experienced team of residential planners and managers, who were well used to phasing a housing programme to produce rising profits even in the poor years (the last two have been excellent in the Californian housing market). For while many of the losses

of the REITs and other investors in the slump were due to overestimating office or retail space demand, the worst losses have been seen in the residential sector, the REIT loans on condominiums in the sun or the insurance company loans on inner city housing which went sour. Where the banks went wrong on REIT and mortgage company loans, with Chase Manhattan still leading the field in net loan losses, was very largely in doubtful management of residential schemes. In some areas those losses are now being terminated, but at a price: the salesmen who have come in to sell off half-finished condominiums first need the money to finish the development. As an example, Flagship Banks had \$5.4m. loaned on a condominium development in Miami Beach, but has been willing to sell it for \$2.5m. and provide loans of over \$6m. to complete the buildings.

Sales in many of the condominium markets are, at reduced prices, now starting to improve. But the style of bank and mortgage lending can never be quite the same again. The commercial market in most areas will feel the effects of this quite as much as the residential. In a market as diverse as the U.S., general rules can never apply. But in the commercial market, a gradual return of development activity will be kept on a tighter rein by the growth of recourse lending and reduced levels of leverage, while more investment funds are directed to investments in established properties.

Q.G.

1. by in 1.50

# INTERNATIONAL PROPERTY III

Although half the investment funds in the U.S. property industry are foreign, they are facing growing competition from U.S. institutions. But the attractions of the U.S. market are substantial, both short and long term, and foreign investment is running at peak levels.

## Europe in the U.S.

MAKING IN London, this American investments, property... Mr. James O. Boisi, has a natural appeal to Euro... vice-president of J.P. Peans, accustomed to regard...

Despite the pressure of a British 25-year full repairing... driving yields down to around... 6 per cent., and with the major...

These problems are, however, being recognised by the sounder... European institutional money... now being directed to North... American property. An example...

### ecedent

a property market the size... U.S. for half the invest... funds around to be foreign... unprecedented situation...

That freedom from planning... controls might, to canner... investors, look a danger. The...

The Germans have made the... most dramatic impact. Deutsche... Bank last year bought 80 per...

### Exceptional

But Houston is, at present, an... exceptional city which has... attracted an exceptional propor...

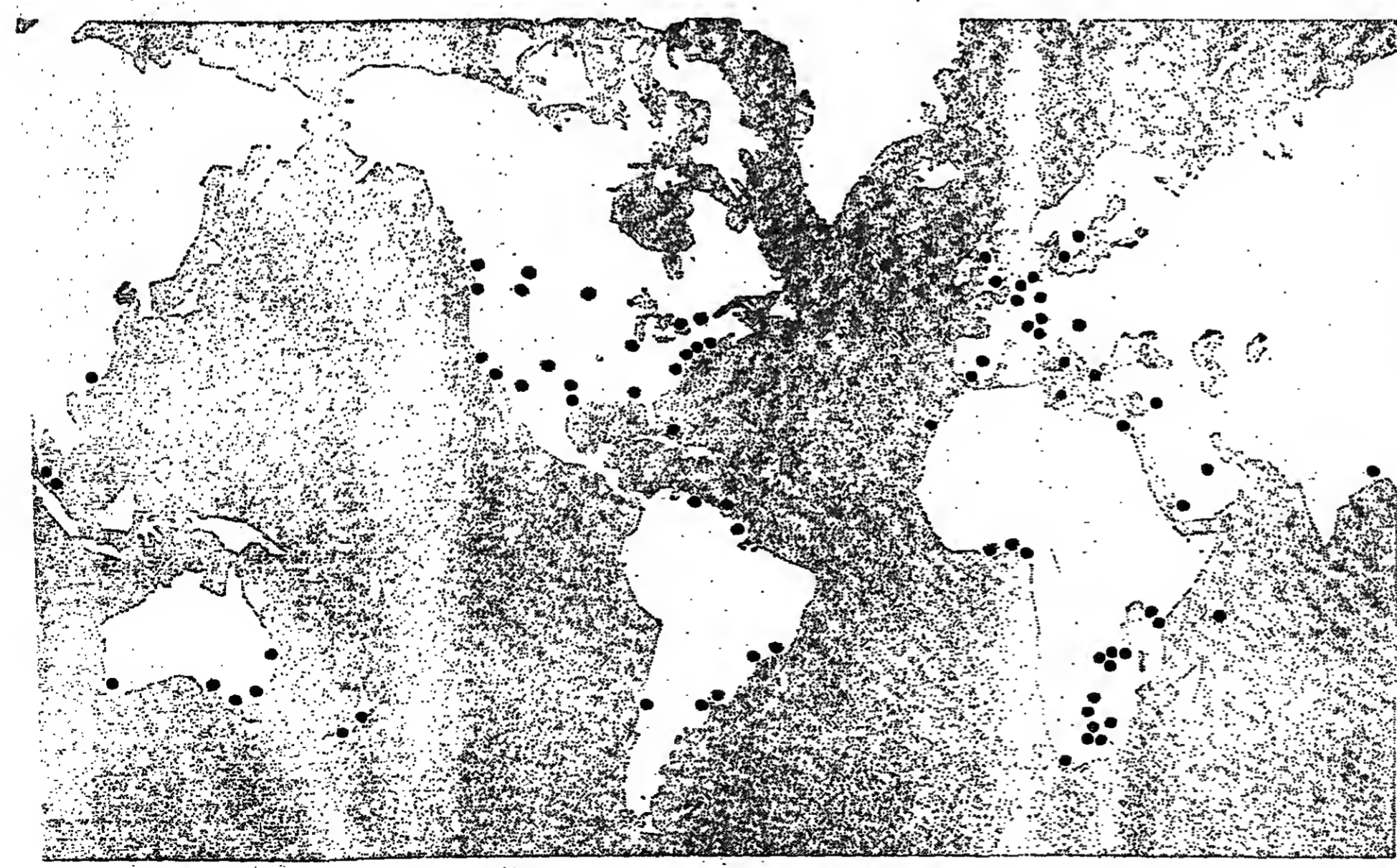
Lang Wootton or Richard Ellis... who have set up shop in the... U.S. remains more common...



Looking north up Manhattan Island.

portfolios may be weighted in... favour of multi-tenanted offices... long-leased warehouses and the...

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# Richard Ellis

# INTERNATIONAL PROPERTY IV

The level of yields from investment in property in West Germany are not such as to attract many outsiders at present. British involvement in the market has fallen away dramatically from the high level of a few years ago.

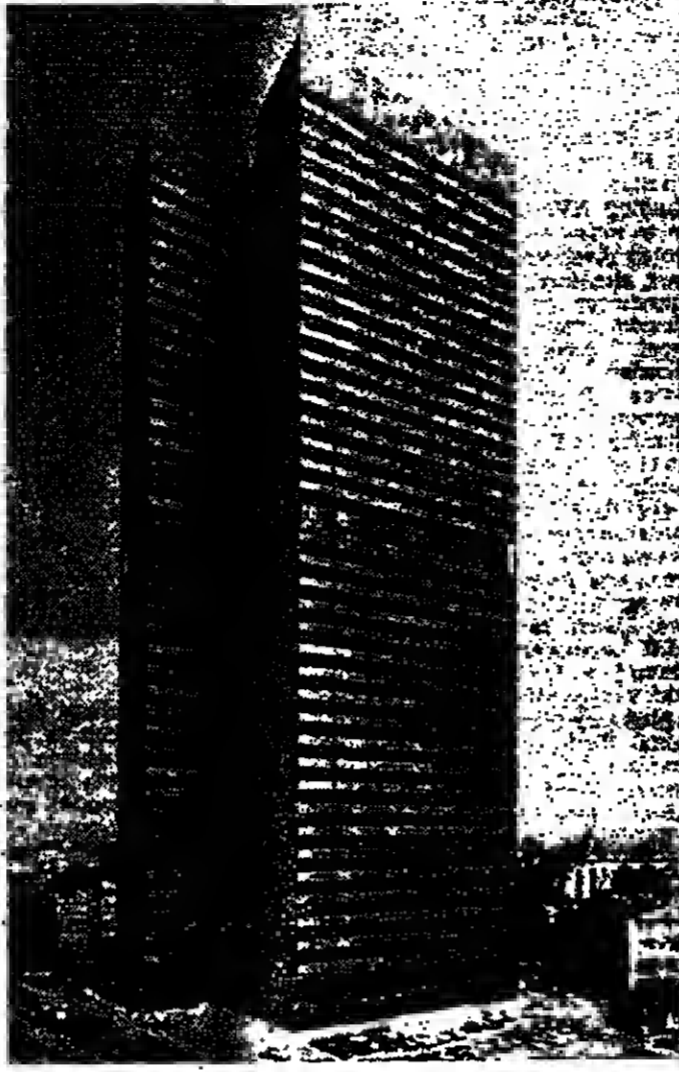
## West Germany

DESPITE EXTERNAL pressures for a more expansionist economic policy, the West Germans, with their fear of inflation, have settled for a very conservative growth rate. This has been reflected in the country's property market, with the overall letting markets being fairly slow—particularly in Frankfurt and Munich.

According to a recent report on the West German property market by estate agents St. Quintin Son and Stanley, very little of the office development carried out in Germany has been suited to the state of the market, both present and projected. They say that, as tends to be the case with the other West European property markets, the tenant is afforded a considerable choice as to the type of property available and the rents paid. In Frankfurt, for example, the oversupply of office space has created a situation where air-conditioned office space is now being offered at the same rental levels as older office property.

One of the problems facing developers of offices in Germany is their mistaken belief that there is a great demand for Grossraumbüros (open-plan). It would seem that, in fact, the German office worker prefers the privacy of individual offices. Also, according to St. Quintin Son and Stanley, there are very few prime offices in any German town which warrant air-conditioning.

Although Frankfurt is recognised as the centre of financial activity in West Germany, because of the oversupply of office space rents there tend to fluctuate. Of the main commercial centres—Düsseldorf, Frankfurt and Hamburg—the first-named has performed most consistently, with a regular demand for small-to-medium office suites at rents of around DM25 a square metre a month. In Frankfurt, on the other hand, rental levels have fluctuated between DM20 and DM30 a square metre a month. Outside the above centres,



Once in danger of becoming the Centre Point of West Germany's banking capital, the Selmi Tower in Frankfurt has gradually attracted more tenants over the last year. The American research group Nielson took 6,600 sq. m. late last year and Bank of America recently leased 2,200 sq. m.

and Munich, demand has been very slow and office users tend to be owner-occupiers. Although some British developers—Slough Estates, Mackenzie Hill and Brixton Estate—have become involved in industrial development for letting, the great majority of industrial space users in Germany prefer to develop and own their property. The letting demand has tended to centre on small areas, where rents of between DM6 and DM7 per square metre a month are being asked.

### Retailing

The one sector of the property market which seems to hold out any hope for the

developer is retailing. Rents for prime shops in Cologne, Munich and Düsseldorf are fairly high, but the markets in all three centres are characterised by the fact that there is very little movement and a shortage of new units.

However, the developers find it hard to assemble sites for new retailing schemes since ownership tends to be in the hands of private family trusts. Also, competition for available sites is considerable as the family funds tend to become involved. Because of this competition, investment yields on shop units have been driven down to about 4 per cent.

A feature of the German retailing market has been the popularity of decentralised shopping centres and hypermarkets. Strangely enough, while the demand seems to be there from prospective tenants, the developers do not seem to want to know.

British involvement in the German property market was fairly strong a couple of years ago. But many of the property companies have now decided to back out of a market where the competition is fierce and yields are the lowest in Europe. At the peak of British interest in Germany some 30 property companies/funds were investing a total of about £200m. However, since then many have either sold out or are in the process of disposing of their interests.

A few years ago, for example, Capital and Counties bought a 100,000 square foot building in Grosse Bleichen, which it planned to redevelop into a shopping centre on the lines of its very successful Victoria Centre, Nottingham. The company paid about £13m for the property and was intending to develop it at a cost of another £17m. However, the group has been savaged by its overseas borrowings and has now decided to rid itself of £15.1m. short-term debt which the Hamburg scheme has incurred.

In fact, outside industrial development, British property

companies have, in general terms, been singularly unsuccessful in Germany. Most of the running has been made by the funds. The BP pension trust has been one of the more deeply involved institutions. Its holdings in Hamburg, for instance, have been so large that there have been charges of exploitation of space users by the "British invaders." The future appeared to be caused by the trust's purchase of the Kaufmannhaus in Grosse Bleichen back in 1974. The trust paid about £13m for the 220,000 square foot building, which at the time had about 120 different tenants. A refurbishment plan is now in operation, whereby the BP pension trust will modernise the space over the next three years and in doing so will increase the useable area to 240,000 square feet. The cost of these works is estimated at about £5.5m.

### Active

Crel BV is another fund which has been fairly active in the German development market. The fund, in which Chesterfield Properties has a 25 per cent stake with Unilever pension fund holding 50 per cent and Howard Ronson holding the balance—has been involved in the development of usually small office and shop schemes in the central areas of Cologne, Stuttgart, Frankfurt, Düsseldorf, Hamburg and Munich.

Of the developers, Slough, Brixton, Lesser Land, Berkeley Hambro and Property Security Investment Trust have all got

some kind of development progress. The majority of schemes are industrial, although BH has begun site assembly of a 300,000 square foot office shop project in Düsseldorf. The company also has a 500,000 square foot office development under construction at Ratingen, Düsseldorf.

However, it would appear that it is the British estates who have come off best in the British invasion of West Germany. The offices of Robert Ellis, Debenham Tewson & Chinnock, Jones Lang Wootton and Weatherall Green & Smith all seem to be flourishing. Originally these companies opened their offices because of the demand from U.K. clients, but now they are all picking up instructions from German clients.

The best example of this change in the estate agent profile is the appointment a year ago of Jones Lang Wootton as letting agents for the Selmi Tower in Frankfurt. Developed by Ali Selmi, an Iraqi businessman, the 41-store building had been unable to find a tenant since its completion in 1974. Only 3,000 square metres of the 41,000 square metres building had been let. Now, 11,000 square metres have been occupied.

Speculative development apart, the low level of office and shop yields is likely to discourage foreign investors from German property for some time to come—particularly with the severe competition coming from indigenous private investors as well as the banks and insurance companies.

Adam Murza

The Belgian economy has not picked up fast enough to absorb the enormous amount of surplus office space which sprung up during the property boom. Many British developers are among those still trying to dispose of commercial and office space in Brussels.

## Belgium

ALTHOUGH THE letting market for both office space and warehousing/industrial seems to have improved slightly during the first half of 1977, the economy of Belgium has not improved in tandem. Whereas last October the exchange rate between sterling and the Belgian franc stood at B.Frs. 57.5 to the pound, it has now risen to B.Frs. 63.6. Nevertheless, estate agents report that the demand for space, and the number of actual lettings have increased.

At the end of 1976 interest rates came down and consequently there has been a revival of interest in property investment—particularly from the institutions, both Belgian and Dutch. Most of the property on the investment market seems to be that belonging to British developers and funds who are trying to disengage themselves from overseas property bought on the back of foreign borrowings, which have caused trouble with the decline of sterling.

### Over-supply

In recent months several companies have sold interests in Brussels—where the market has been badly affected over the past few years by a massive over-supply of offices. Many of the office buildings which have changed hands have been bought by owner-occupiers. One of the largest office buildings to be sold recently was the 23,000 square metre Town and Commercial office block in Avenue Louise, which was sold at public auction following T and C's collapse. The building was bought by the Belgian Government for B.Frs. 668m for its own use.

Many of the estate agents closely connected with the Brussels property market believe that the worst is over for the city's property market, after nearly four years of enormous over-supply. According to a recent Jones Lang Wootton report the total take up of office space in Brussels during 1976 amounted to around 3.2m sq. ft.

—both lettings and sales. This compares favourably with the annual take-up of about 4m square feet at the height of the property boom in 1973, when British developers were piling into Brussels and demand from EEC and NATO-linked users was tremendous.

Although the existing space is being taken up at a reasonable rate, the Brussels Municipality says that there are another 2.6m square feet of offices scheduled for completion during 1977—agents Healey and Baker say that this figure is, in fact, only 1.4m square feet. However, this total figure covers the entire Brussels area and does not reveal the geographical distribution, as far as the prime office areas are concerned.

The latest Jones Lang Wootton report reveals, for example that of the 900,000 square feet which the firm claims to have either let or sold, 360,000 square feet were in the Quartier Leopold, and another 110,000 square feet were sold during the last year. The next most popular area, according to the agents, was Centre Ville, where years ago about 200,000 sq. ft. were disposed of. The decentralised areas such as the region of 80,000 square metres and Richard Ellis say that there are around 130,000 square metres of industrial space vacant in the Brussels area.

As to the future of the Brussels market, stockbrokers Vickers da Costa recently published a report about the city which forecast that the take-up of office space in the city during 1977 would be in the region of 125,000 to 150,000 square metres. After 1977 the demand is expected to accelerate as the economy strengthens and it is a good many of the developments planned for 1978 and 1979 will be cancelled, which leads the stockbrokers to an estimate of three to four years before the supply and demand situation in Brussels becomes balanced.

has helped the investment market. Yields on offices now stand at around 7.5 to 8 per cent, according to Richard Ellis, for modern fully let office buildings. Although the Brussels market is showing signs of improvement, the amount of space still waiting for a tenant is enormous—and many of the empty buildings have been built by British developers. EPC have about 88,000 sq. ft. of office space on the market, in two office blocks. One of these buildings, at the Bvd du Regent, has been finished since 1975. MEPC have been troubled for some time by the 350,000 sq. ft. Manhattan Center. But the project is now 60 per cent let and letting agents Jones Lang Wootton are now a little more hopeful about being able to find more tenants.

### Unchanged

On the industrial front, demand for space has remained fairly stable, with rents in the Brussels area staying relatively unchanged for about three years at between B.Frs. 1,000 to 2,000 sq. ft. were disposed of. B.Frs. 1,300 a square metre. The annual take-up of space is in the region of 80,000 square metres and Richard Ellis say that there are around 130,000 square metres of industrial space vacant in the Brussels area.

There are three reasons to back up this forecast. First, the Belgian leasing system encourages greater mobility—with the majority of leases running for only nine years and indexed rents there is little chance of tenants being locked in by long leases at low rents. This mobility generates a constant demand for new space and this is further assisted by the fact that rents are relatively low in relation to overall costs—average office rents in Brussels tend to be around B.Frs. 2,500 a square metre—equivalent to £5 a sq. ft. The Belgian equivalent of rates comes through at only 10 per cent of rents.

A major factor in the improvement of the Brussels letting market is the fact that the employment of white-collar workers in the city is rising by around 10,000 jobs a year. Assuming half of these to be office workers, a demand for office space of at least 50,000 square metres a year can be expected on the basis of the legal requirement for a minimum gross area of 10 square metres per employee.

To a great extent the recovery of the Brussels property market is dependent on whether the Belgian economy continues to recover and the creation of new office jobs is maintained. It is also dependent on some of the projected developments being scrapped as a result of the present over-supply of space.

Vickers da Costa believe that if the supply and demand for offices does come into balance by 1980, then based on current building costs of between B.Frs. 40,000 and B.Frs. 70,000 a square metre, rents could rise from the present average of B.Frs. 2,500 a square metre to between B.Frs. 4,000 and B.Frs. 7,000 a square metre, assuming a normal rate of return to the developer and not taking into account inflation.

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# INTERNATIONAL PROPERTY V

The French property market, and Paris in particular, has suffered from depression and slow demand in recent years. But the signs now are of revival, a trend that should continue so long as the French economy does not turn down again.

## France

THE VIEW one gets of the French property market from a British side of the Channel is that the U.K. developers who set in during the early 1970s are now only too eager to bail out. To some extent that is a sweeping generalisation, because there are a number of property companies and funds who have retained sizeable stakes in, especially, Paris. The prominent deals are done by property companies caught out by the decline in the value of sterling. The most recent such transaction was the sale by Berkeley Hambro of about £19m. of property to a Dutch investment sup. On the face of it the sup made a profit on the deal because the six properties are in the BF book at £18.25m. secured on the properties, and annual interest rates of £1.9m. together with effect of a declining pound, seems highly unlikely that group made anything out of the deal.

### Hazards

In fact, the Berkeley Hambro epitomises the hazards of British property men as they invaded Continental Europe at the beginning of this decade. When the property collapsed at the end of the crisis, most of the British companies — and particularly those in France — were left with virtually worthless developments which had been lit with locally-borrowed money.

The Paris market, where most of the British started their activities in France, was particularly strong. But in the economies of the other nations went into recession in 1974, both the letting

and investment markets in France slumped dramatically. To some extent the markets have now started to revive, with an increase in both the number of lettings and sales. As far as the British have been concerned, however, most of the sales have been by companies who waited out the recession, carrying the interest costs of their local loans at enormous expense to their profit and loss accounts.

Apart from Berkeley Hambro the Heron Corporation sold three of its properties — totalling about 280,000 square feet — at the beginning of the year. The three office buildings included Heron's Paris development of 200,000 square feet. And although the group says that the office buildings were sold at over book value, it is doubtful whether Heron recouped all the costs related to the development during the past five years.

Teesland Investments was another British firm to divest itself of property during the first half of this year. The Stockton-on-Tees-based group sold its 1,500 square metres office building at 59 Rue de l'Ourie for about Frs.5m. to a French institution. That disposal follows the sale of Teesland's 3,900 square metres Chilton office building for Frs.10m. last summer.

Not only have sales been on the increase of late, but the Paris letting market seems to have picked up. A few weeks ago Westmoreland Properties let 60 per cent of its Le Donjon, Courbevoie scheme. About 15,000 square metres of the 25,000 square metres office building have been let to two leading French companies. The group was also able to let its newly renovated building at 5 Avenue Hoche. The 1,900 square metres building has been

taken by the Saudi Arabian Government as its Paris embassy. Warehousing has also enjoyed an upsurge in demand in the Paris region. According to Weatheralls France, during the past three months the agents have let some 35,000 square metres of space. Apparently, enquiries for warehousing are running at about 65,000 square metres a month. As a result of this, say Weatheralls, there has been a noticeable hardening of rents, which are now averaging between Frs.100 and Frs.135 a square metre.

### Demand

Although lettings appear to be evenly divided among the three main industrial areas of Paris, Weatheralls say that the strongest demand is in the Orly airport area — in the Villemaison industrial zone to the south of the city. However, both to the north-east, around the Charles de Gaulle airport and the north-west, at Argenteuil, demand has also picked up. In fact, the agents report that virtually all the available space has been let in the last-named location and it is here that the highest rents are being achieved.

However, it would seem that it is not just Paris which is beginning to enjoy a revival of the property market. The provincial market is also beginning to revive, with Marseilles leading the way. The re-opening of the Suez Canal last year had a significant effect on the port's popularity. There appear to be only about 100,000 square feet under construction in the city at the moment, although around 2m. square feet are being planned.

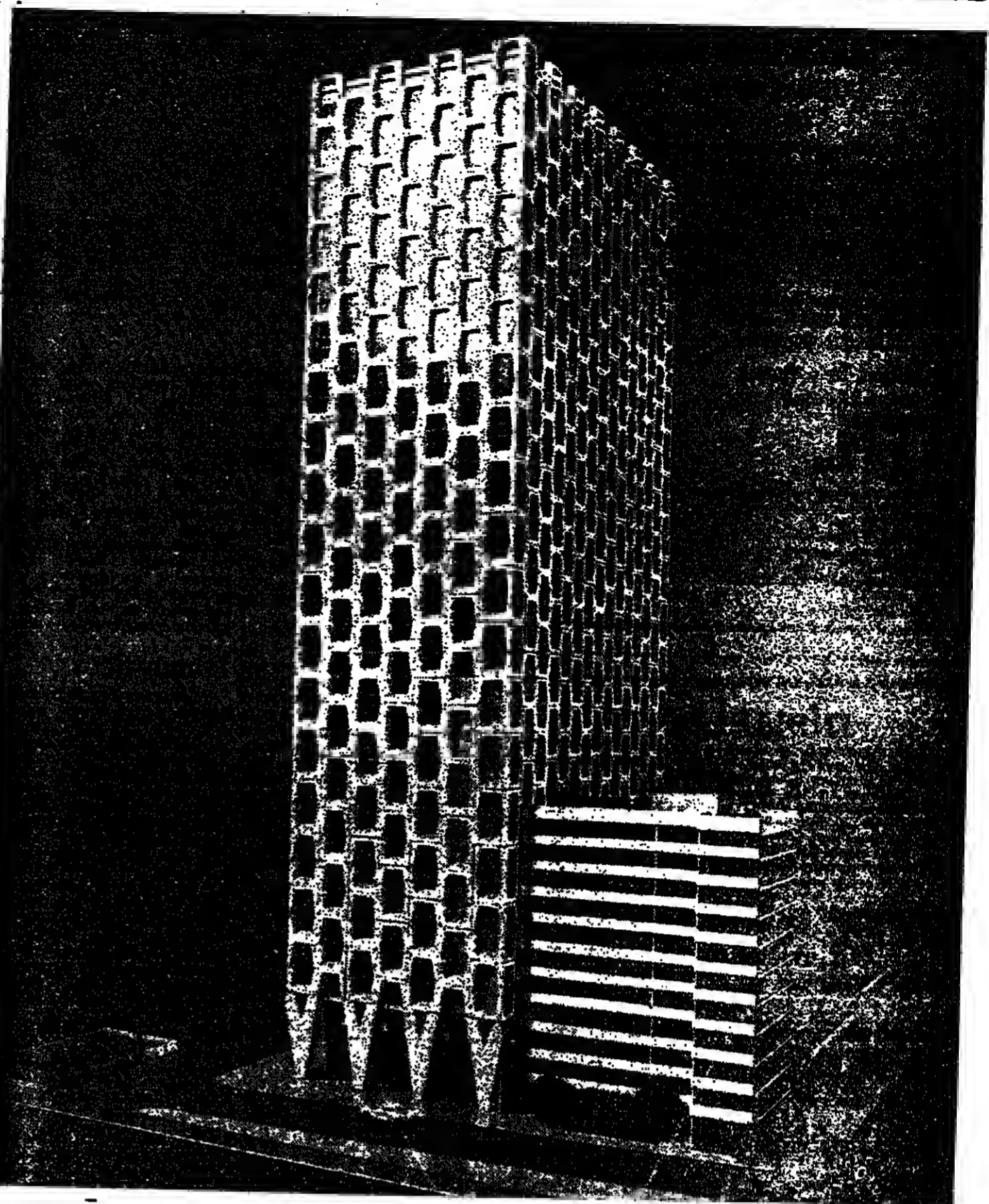
Of the other provincial cities, Lyon is about the most popular. Some 1m. square feet of office space is under construction,

with another 3m. square feet being planned. And in Bordeaux some 250,000 square feet is being built, while about 1m. square feet is in the planning stages.

So, the signs are that as France, and the industrial West, climb slowly out of recession, that demand for new property is increasing — both for investment and occupation. The letting market seems stronger — both in Paris and the provinces — and the demand for investments has hardened. The extent of this improvement will be gauged on June 7 when Amalgamated Investment Property's 40,000 square metre Pariferic office building is auctioned. Weatherall Green and Smith, who are advising the liquidators of AIP believe that the reserve of Frs.100m. is low, even for an unlet building of this size, particularly as it is understood that the syndicate of bankers which financed the development advanced about Frs.200m. However, the low reserve may reflect the fact that the letting market has not fully recovered in the eastern sector of Paris and that tenants are unlikely to be attracted by a rent of anything over about about Frs.350 a square metre.

Whether the improvement in the French property climate continues for much longer remains to be seen since the country's economy has taken a slight downturn over the past few months. As a result, investment yields, which towards the end of last year had shown signs of dropping, have now started to move upwards again — with prime office yields rising from 8 1/2 per cent to around 9 per cent. And should the downturn in the economy continue the 10m. square feet of office space on the Paris market may become hard to let.

A.M.



Goodbye to all that: the Pariferic building, Paris, developed by Amalgamated Investment and Property, will be auctioned next week with a reserve of Frs.100m. Bankers, led by Credit Lyonnais, had advanced Frs.200m. on the project.

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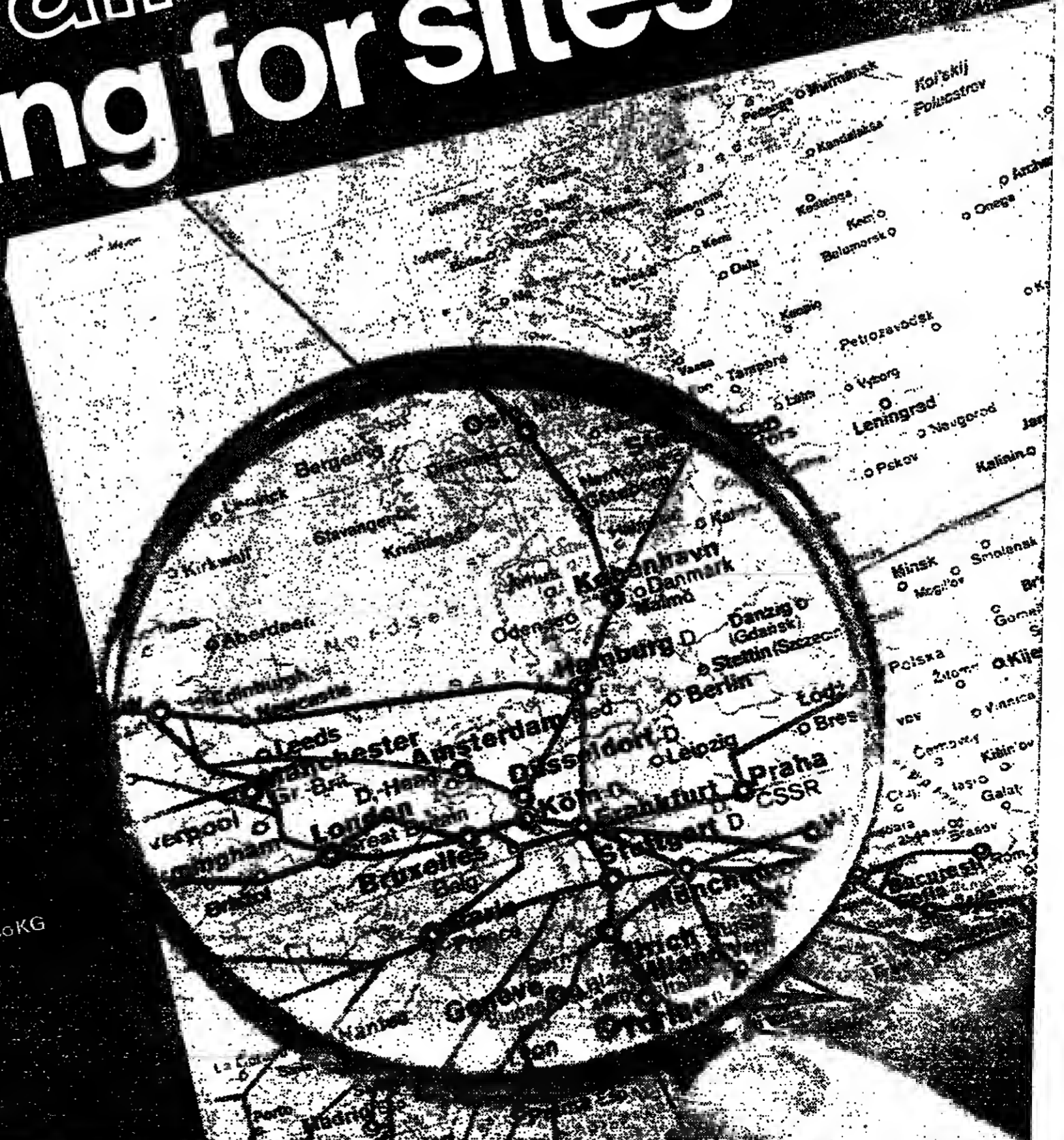
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# INTERNATIONAL PROPERTY VI

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The Dutch property market has only been mildly affected by economic recession. Demand at present is fairly healthy, while foreign interest also remains strong. In addition several Dutch companies are beginning to take a greater stake in overseas property markets.

# The Netherlands

WHEREAS THE Dutch economic picture is still shrouded in uncertainty, the situation on the domestic property market has not undergone very significant changes in the past year and nor are any expected for the immediate future.

Demand is generally considered lively. The prospects for the property sector in general are, in the view of Dutch and foreign developers, agents and others, to use a typically Dutch turn of phrase, "not unattractive."

The heavy economic recession of 1975 had relatively little impact on real estate business last year. The letting market is described as balanced with an upward tendency in rentals, whereas the investment market is becoming rather active.

After the interest rate peak had passed and the end of the cyclical decline became more visible last year, investment demand increased, stimulated by a range of government measures aimed at tackling rising employment. These included an extension of investment deduction possibilities and early write-offs.

Among the more noteworthy developments has been, besides the further increase in expansion outside Holland of Dutch

### Domestic

property developers and institutional investors, the sharp fluctuation in interest rates, particularly in the money market. The position of the guilder, which had been unusually strong at the start of last year, came under strong attack at the end of the summer, notably declining against the D-mark. Fairly rigorous support measures by the Central Bank proved successful in stabilising the currency again, though capital and money market rates went up very strongly in response.

Reasons for the attacks on the guilder were partially attributable to certain domestic economic developments, particularly several far-reaching social reform proposals, as well as exaggerated reports about Holland's uncomfortable dependence on natural gas sales for its prosperity and the realisation that these would start to taper off in a few years time. So far this year, however, the guilder has kept up well, so well that the Central Bank and government have more than once tried to extinguish revaluation rumours. The foreign demand for Dutch real estate is expected to continue with the aid of the strong guilder, it is generally predicted, with the emphasis on larger projects. As far as the U.K. is concerned, however, there have been several reports of major sales in the past year.

On the supply side, the influence on the market of the building boom of 1973-74, stimulated by extremely active U.K. buying, will be increasingly less felt this year, however, while the slow down in new building plans still persists. The annual survey of the Dutch property publication "Vastgoedmarkt," published early this year, noted that for the first time in many years, total space available in offices, warehouses and factories was dropping at the end of 1976. Property men believe that, in the light of an expected continuation in space from central and local government, this trend may continue for the rest of this year. This point was also made in a survey of the property scene by bank Mees en Hope recently.

There is also a shortage on the market for well located new building sites for commercial development, as well as the arrival of more local investors who have turned away from the residential new building areas where yields are considered unattractive as a result of government policies. Those investors have few investment possibilities locally. These developments have focused the attention for the immediate future on already completed real estate where price increases often exceed the level of rental increases. Net yields are reported to have touched a low of about 6 per cent. for prime offices and just over 7 per cent. for well located modern industrial space.

Intermittent sales by British developers have not provided much solace. Largely as a result of the scarcity of prima schemes in Holland, Dutch interest in

foreign real estate markets has been increasing steadily and the companies are eyeing neighbouring countries as well as the U.S. Last month, an important group of institutional investors, mainly insurance companies and the Unilever "Progress" pension fund expanded on to the U.S. market led by Blauwhoed, the Pakhoed property arm.

Several Dutch institutional investors, with ample liquidity at their disposal, have been active abroad for some years now. The property fund Beleggingsfonds Omschereinde Goederen (BOG), which is affiliated to ABN Bank, noted in its annual report that it was planning to start investing abroad, largely by borrowing locally. "This is partly the result of the current shortage of schemes on the Dutch real estate market," it said, stressing the importance of diversifying and internationalising its portfolio. It also announced a shift in its investment policy from residential to commercial property.

Wereldhave, which, with total investments of about Fls.350m, claims to be the largest Dutch real estate investment company further internationalised its portfolio through its acquisition in the past year of all the shares of Rothschild Investment Trust, Dutch Properties Holdings (now called Wereldschild Holdings) and the takeover of 38 per cent of the Ordinary shares of Britland II (now Britwereld). In the latter case, British Land will retain a 36 per cent. interest, while the remaining 28 per cent. will be bought by Britwereld itself in the coming ten years. This acquisition also gave Wereldhave 3,700 square metres of office space in the prime Brussels location, Avenue des Arts, while the Rothschild transaction included a Paris office building in the Rue de Courcelles where 4,500 square metres of office space are being renovated for delivery in early 1978.

As for Dutch property developers, Bredero Vast Goed (BVG), which is linked with the



The Europoint development by Town & City and the local firm Overbeck was purchased by the Municipality of Rotterdam for a price believed to be around Fls.125.7m. The sale was arranged by Jones Lang Wootton.

large Bredero construction for sale office space last year, a group which is very active outside the three main regions. Despite its decentralisation of association had been amended to enable it to move into the German property market, having been active exclusively in Holland. BVG has not yet taken any definite decisions about moves in view of the "hesitant" situation on the German market, but it is ready to act once the property climate improves there.

### Different

As far as the Dutch office situation is concerned in the three large cities, the common view among developers and agents is that unlike the Hague, there still tends to be over-capacity in Rotterdam and Amsterdam, particularly outside main areas of attraction. That the Hague is in a different situation is no surprise in view of its position as the seat of the national government. National and local government took at least 50 per cent. of the let or

property in the Netherlands may be around Fls.600m, 40 per cent. of their peak value. The substantial Commercial Unioo holdings through its subsidiary Delta-Lloyd are not included in these figures. It added that Dutch groups abroad are involved in projects with a total value on completion of between Fls.2bn. and Fls.2.5bn., although the figures have probably risen since.

The Vastgoedmarkt publication noted in its survey that it was still the trend for British groups to sell, and pointed at both the largest sales last year and the largest letting, both involving British groups. Sales involved Town and City's 90,000 square metres Europoint Towers office space in Rotterdam, the letting of Ariel's 20,000 square metres building at the Zalmhaven, also in Rotterdam. The former has been taken up by the Rotterdam Municipality, the latter by the large Nedlloyd Transport group (formerly called NSU). Market observers stress, however, that transactions of that size in a relatively limited market are not representative of the whole market. The property paper calculated that at the start of this year, the total value of British

As for the economic outlook in the Netherlands, the development of wages and prices constitutes an improvement on 1976. The government expects, rather optimistically, that prices will have risen by 6.5 per cent. from 3.8 per cent. the year before, while wage costs should be up 7.5 per cent. (11 per cent.). Rather optimistic too, is the forecast of an 8 per cent. increase in the volume of capital expenditure, after the decline of 6.5 per cent. and 4.5 per cent. respectively in 1976 and 1975.

Michael Van Os  
 Amsterdam Correspondent

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The market view in South Africa is that property companies are worth about a quarter of what they were six years ago. Current gloom extends to both commercial and residential sectors, although the market for industrial property presents a slightly brighter picture.

# South Africa

THE SOUTH AFRICAN property market is still taking a pounding. The Financial Mail property share index (1970=100) halved to around 50 in April last year—and since then has halved again to around 20 now.

Investment properties, when they do change hands, now show yields of 10 per cent. to 11 per cent. compared with 7 1/2 per cent. to 8 per cent. before South Africa's involvement in Angola. That represents a drop in values of about 25 per cent. assuming constant income.

Empty offices are part of the same syndrome as falling values. In Johannesburg alone, Dunlop Heywood estimates that there is now about 275,000 sq. metres of vacant office space. With an annual take-up rate widely believed to be not more than 60,000 sq. metres a year, that is nearly five years' worth before the slack is taken up, not counting projects still to come on stream.

### Oversupply

In Durban, the main city of what has long been billed as the "growth" province of South Africa, Natal, the oversupply of office space is between 150,000 sq. metres and 200,000 sq. metres, with annual take-up reckoned at not more than a mere 5,000 sq. metres.

There are of course some exceptions, such as Johannesburg's Carlton Centre office tower, regarded as prime desirable space. British Steel signed up space there in April at R6.02 per sq. metre per month (for five years, without escalations).

In the current investment market, the institution is of course king. So much so that there are grumbles that the institutions are "killing" the market by insisting on too-high yields.

Charles Baillie, property manager of the Old Mutual Insurance Company, dismisses this charge and points out that "only a few short years ago the common cry was that we were accepting uneconomically low yields and thus always out-bidding the private investor."

Good quality office rents have not moved from the R4.25 per sq. metre per month level achieved in 1970. Yet the consumer price index has gone up 35 per cent. in the same period, pushing up the cost of running a building. And inflation in South Africa averaged nearly 12 per cent. last year and is now running at around 13 per cent.

There are of course some exceptions, such as Johannesburg's Carlton Centre office tower, regarded as prime desirable space. British Steel signed up space there in April at R6.02 per sq. metre per month (for five years, without escalations).

Some of those buyers may even have to chip in more than the contracted purchase price because Glen Airl often borrowed twice—once on the security of the land, before sale, and once on the security of the debtors' book, after sale.

The gloom has spilled over into the house market. Agents estimate that upper-bracket homes are down between 20 per cent. and 30 per cent. on the levels of two years ago. Medium-priced houses have also come down, but not so dramatically. One of the major brakes on any acceleration in house prices is the shortage of mortgage money. White South Africa is

also because there are less administrative problems. If industrial property is the brightest sector, the bleakest by far is the residential property market. This was had enough last year through economic forces—an oversupply of residential plots, insufficient mortgage finance and the high cost of insulating services—but when the R120m. Glen Airl Group went to the wall the market really touched bottom.

Unsaleable

Hundreds of investors (and many speculators too) are likely never to see the money paid to Glen Airl, nor the plots which they bought on the never-never basis.

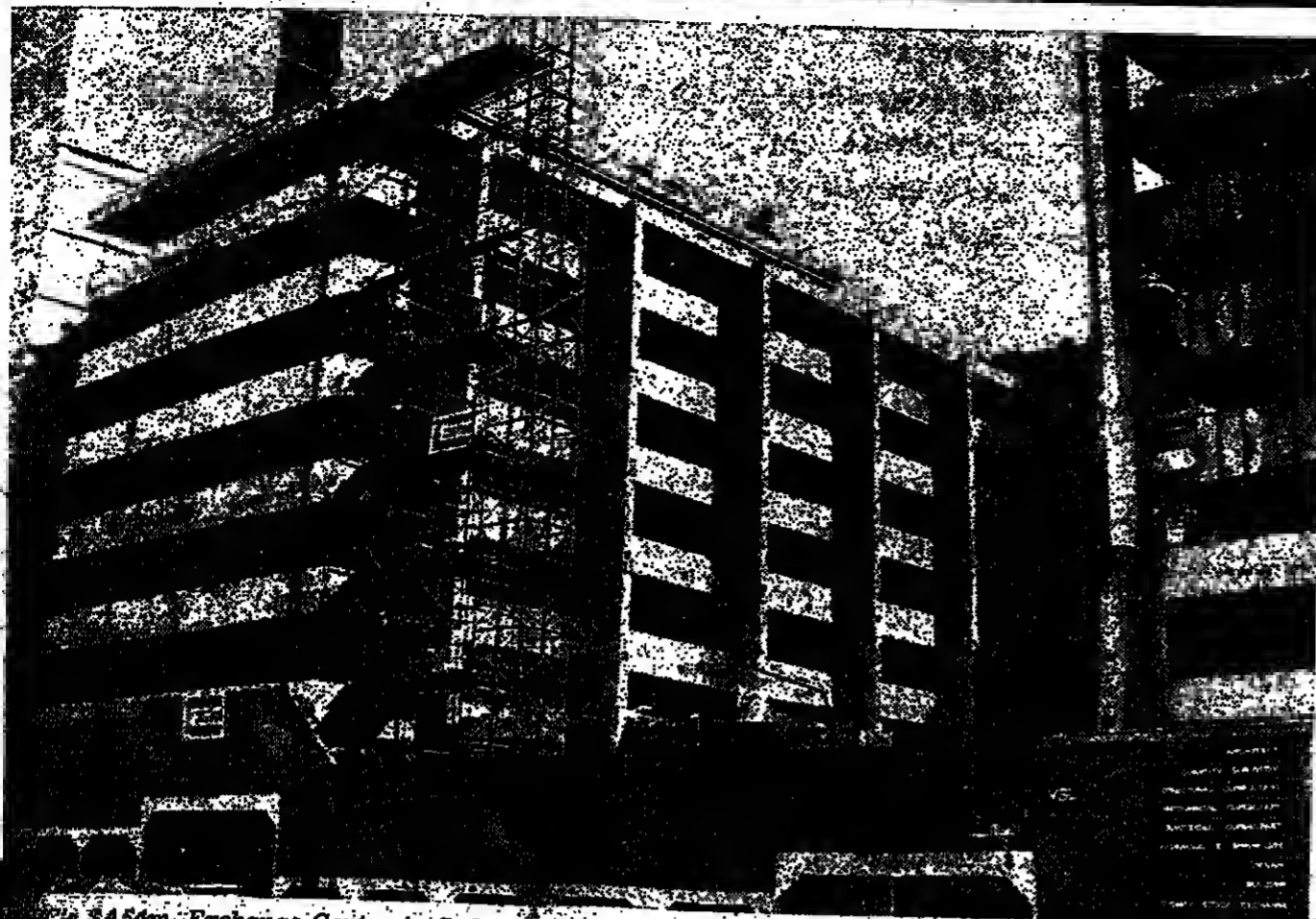
Even those buyers who actually took possession of the freehold from Glen Airl now find themselves owning an unsaleable investment.

Some of those buyers may even have to chip in more than the contracted purchase price because Glen Airl often borrowed twice—once on the security of the land, before sale, and once on the security of the debtors' book, after sale.

Nic Stathakis

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# INTERNATIONAL PROPERTY VII



\$454m Exchange Centre in Sydney due for completion by the end of next year. More than a fifth has been pre-let to New Zealand Insurance, and to the Sydney Stock Exchange.

Opinions are divided on the short-term outlook for the Australian property market, but the balance weighs in favour of continued slump—a view of particular importance for life-offices, the traditional backbone of Australian property investment.

## Australia

**SHOCK WAVES** from the their interest. But in many look the shares to their lowest Sydney building consultant

1974 of Australia's cases the interest was capital levels for years, and forced Ian Paterson of Ian Pater-

erty boom have at last ended and carried forward in the directors to make considerable son and Associates, sug-

back to the source—the accounts as an asset. disclosures in an effort to allay gested, that Sydney would

or lenders who financed the the foars. have an over-supply of office

big spree in the early 1970s. The recovery simply has not space for the next fifteen years

ally the impact has been come and the financiers are and that real estate interests

by the lenders for some now facing up to the problem. property boom are being held

but they are only just Commercial and General Accep- together by the financial muscles

ing up to the true situation. tance, controlled by the Com- of their backers. The Abbey

ically the revelations are mercial Banking Co. of Sydney, Capital group, which is con-

big out as there are faint one of the five major trading trolled by the Crown Agents has

erings of an improvement banks and with Bank of run up losses of more than

ing prospects in the sea America as another substantial \$A17m in the past few years

empty city office space. shareholder, touched things off and is expected to lose about

and is picking up slowly far \$A50m this year. The group

re is still a huge overhang recently organised a U.S.\$220m

good office accommodation loan refinancing as part of first

is virtually unlettable in step towards its ultimate aim of

current market climate. phased withdrawal from the

reover, the majority con- Australian property scene. Shrapnel and Co., economic and

us is that it will be 1980. Abbey spent more than \$A200m, market research group, which

the earliest before it is in a shopping spree which believes the property market is

ured and probably two or brought it primo commercial showing distinct signs of coming

se years later. Some sites in Australia's capital out of its recession. Shrapnel

siminists predict the malaise CAGA has about \$A70m, in pro- had a traumatic experience argues that building commence-

remain until around 1980. perities regarded as "in diffi- when it agreed in 1971 to buy

then the property boom, culty" and has embarked on a land in Sydney, on which it

apped in 1974 it left in its policy to accelerate its sales of would erect a \$A3.5m, 22 storey

to two major company real estate—the target is office block. In 1976 the deal

ies—Mainline Corporation \$A36m, over the next 12 to 18 was cancelled because of the

Cambridge Credit Corpora- months—and to move back to depressed market—but if cost

—and a string of smaller more traditional business, such British Land \$A1.5m, in com-

ures. It was expected by as leasing and instalment credit. pensation. Town and City

st observers that there would are now bidding to buy out the recently decided to quit Australia

more crasbes by large com- public holding in CAGA. and sold most of its property

ies because of their commit- Similarly Associated Securities holdings to the Commonwealth

to property and the extent reported a loss of \$A17m Superannuation Board for about

urred—mainly because the for the half-year and also \$A40m.

reors, many backed by some adopted a policy to speed up British Land believes there

Australia's most respected its sales of development will be growth in the market in

tutions, stopped in and properties—it hopes to realise the 1980s but will be looking at

ped them up. It was no \$A20m, to \$A25m, over the next retail and industrial develop-

ise in attention: the finan- 12 months. ASL was until ments rather than commercial

themselves had a great recently controlled by the Royal office space.

to lose if there had been Bank of Scotland but it has now

mino collapse of property Bank of Scotland but it has now

eral of the larger finance sold out to a local airline,

anies had plunged whole- transport and televisio group,

edly into property, lend- Ansett Transport Industries.

hundreds of millions of These moves were followed

to developers, both for by the collapse of the Parkea

five projects and for large Development property group,

residential land develop- which again affected the finan-

-In some cases the finan- cial lenders, rather than the cial.

even went directly into The large stocks of prop- The large stocks of prop-

ty development. erty from CAGA, ASL and Parkes to go onto an already

ated market will probably

further depress prices. \$A13 a sq. ft. Thus the largest

Hard on the heels of those completed office building in Aus-

announcements, IAC dropped a tralia—the AMP centre in

bombshell. The company has Sydney is already two-thirds lot

already announced write-offs, although it was only completed

provisions and interest foregone last year, and is expected to be

of \$A26m, for the first half of the year, fully occupied by the end of

1977, but within six weeks. The AMP Society, Australia's largest life office, also has Aus-

because of "change in real largest life office, also has Aus-

estate market conditions" the tralia's largest portfolio of com-

directors announced further mercial property in Australia. In

1976 it pumped another \$A130m, less than half this figure next

they write-offs and a complete into property, lifting its year. Within about eighteen

takeover by Citicorp, to enable its months the life offices' invest-

it to undertake drastic surgery property assets to \$A957m. The men) in property will fall to

without having to consider pub- chairman of the Society, Sir minimal levels and probably

lic holders. IAC has oow pro- Vincent Fairfax, said at that stay that way until the property

vided more than \$A50m, against annual meeting late in May that overhang is absorbed and the

viduity over the past three there was a growing number of market picks up. The life

years. Its existing real estate businesses not only looking for offices are turning their sights

loan portfolio still totals new office space but prepared to consider paying quite substan-

\$A337m, of which \$A150m, or tial rents, which suggested on natural resource develop-

almost 45 per cent, is not ac- there had been a real improve- ments such as coal, and prob-

log interest. Further large pro- ment in business confidence in ably uranium, now that the way

visions will probably be needed, recent months. Most failures in has been cleared for develop-

before the company is out of the the property market had been ment of Australia's large

woods. associated with highly-gared uranium resources.

Citigroup's policy up to now. speculation. The AMP's vacancy This will mean a lean time

has been to hold on to its pre- rate for established buildings coming up for industries depend-

erty and wait for the inevitable rate for established buildings ent on property, such as con-

upturn. If it switches and was lower than the five per cent. struction and development com-

adopts the sell-out policy of —even when the economy was pany and suppliers to the

CAGA and ASL it will further buyant. Sir Vincent made no building industry. It will

exacerbate the short term dif- monation of Australia's largest almost certainly also mean a

culties of the property market. commercial development— sharp escalation in building

The uncertainty these upheavals Collins Place in Melbourne—in costs and rents once the over-

have created among public which it is substantially bang starts to clear. How soon

investors has affected other pro- involved and which is now seek- that will be is dependent on the

erty groups. Hooker Corpora- ing tenants although it is not rate of recovery in the economy,

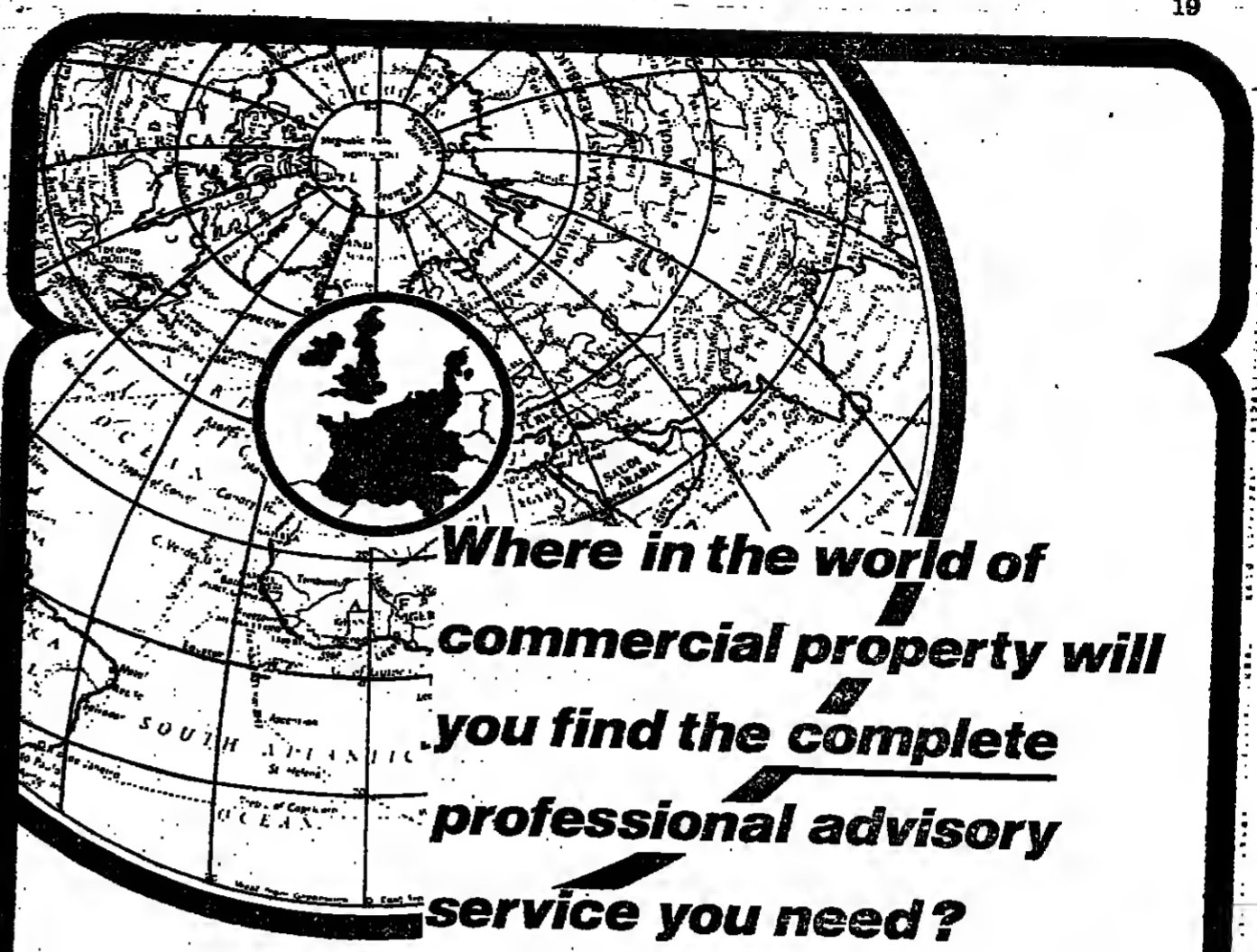
tion, for example, a major pro- due for completion until 1981, which is now definitely showing

erty company, has experienced At one end of the confidence signs of improvement.

two harrowing share market runs in recent months, which spectrum a recent report by a

James Forth

July 1975



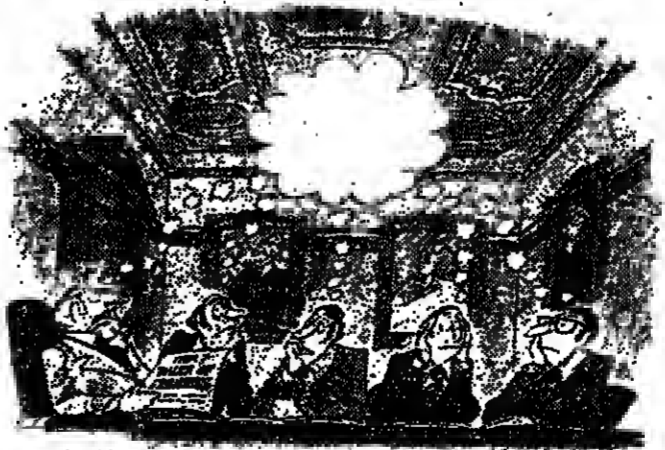
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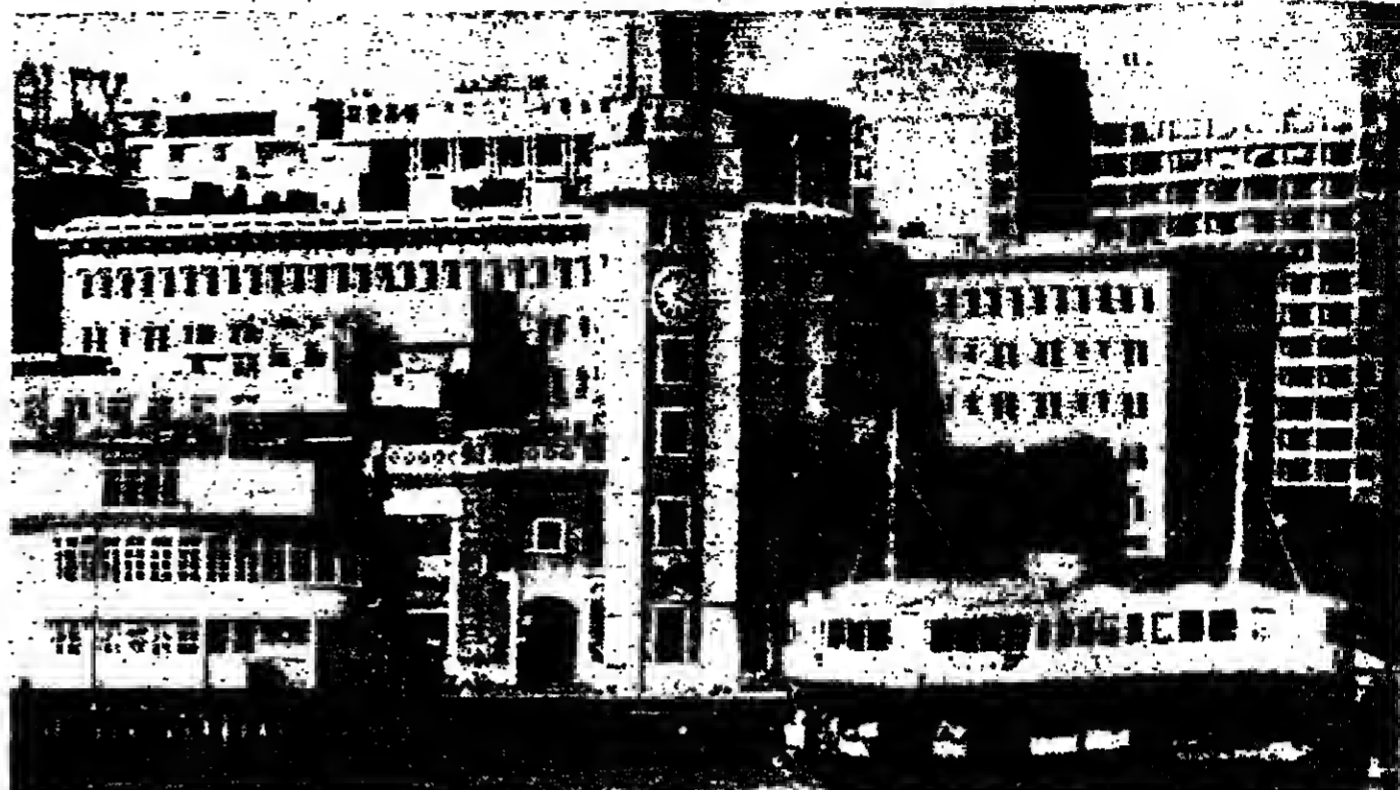
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# INTERNATIONAL PROPERTY VIII

Hong Kong is still in the throes of a healthy development boom in the face of demand from both the commercial and residential sectors. Of course land resources are restricted and in great demand, and costs are still increasing, but developers have access to adequate funds, with interest rates falling and banks underlent.

## Hong Kong



A problem for Hong Kong: whether to allow the demolition of the disused 60-year-old marble and red brick Kowloon-Canton railway station with its 146 feet high clocktower.

A LOCAL columnist complained recently that the new 34-storey Alexandra House in Hong Kong's Central district had been occupied at least four months and work has not yet begun to demolish it and to replace it with another, still higher, still newer building. That this particular building should be the subject of the satirist's pen is hardly surprising, for it is the third building on this site in 30 years.

Alexandra House is the first phase of Hoog Kong Land's \$HK600m. Central redevelopment scheme, the next stage of which will be the construction of twin 45-storey office towers, together forming the sides of a 20,000 square feet pedestrian plaza.

The company's Central office portfolio has remained virtually fully let, but overall there is an over-supply, arising from an office construction boom in 1975 in which completions rose 160 per cent over the previous year's level. This over-supply may slow the movement towards the development of Wanchai and Causeway Bay as office centres, though not completely.

In residential property there has been a noticeable shift in attitudes, with couples keen to buy their own flats rather than stay with their parents. A dramatic illustration of the demand was given last December when Hoog Koog Land made available for sale the first nine blocks in its \$HK600m. Pokfulam project on Hong Kong island: they were substantially oversubscribed and police had to be called to prevent crowds of potential applicants from blocking the pavement. The project will provide 2.7m. sq. ft. of accommodation in the form of 4,350 flats for middle-income buyers.

Rentals are hardening in the expatriate market, partly as a result of the influx of personnel

underground railway and the independent commission against corruption. Overall, demand for new residential flats has slowed a little in recent months, with some members of the public waiting to see the details of the government's plans to build and sell housing to middle-income families. The main market is for middle-to-low priced flats.

### Developers

The vice-president of the Real Estate Developers Association (REDA) Fong Yun-Wah, says that many lower wage earners have sufficient savings to make the next two or three years safe for developers. The manager of Henderson Land Development, Leung Hei-Man, says sales of flats between \$HK300,000 and \$HK500,000 has been sluggish and the company's future lies in flats costing less than \$HK200,000. With interest rates falling and the banking system underlent, there is no shortage of available funds.

Equally optimistic is REDA President Henry Fok, although he cautions that the proposed increases in rates, property tax and possible introduction of aggregate yearly rates increase will influence property development and housing sales.

Some \$HK2bn. worth of flats were sold in 1976 which could rise to \$HK2.5bn. to \$HK3bn. in 1977. Fok wants more land released, arguing that as a result of the decrease in the supply of government land, the land cost of \$HK300 a square foot for a residential flat is about \$HK200 and construction cost \$HK100. Ideally, he says, land cost should be 25 per cent of the total project price to enable flats to be provided at about \$HK70,000. He points out that the proposed \$HK400m. bridge to Lantau Island could unlock a lot of land.

The controlled supply of land is a contentious issue (revenue from land sales in 1976-1977 totalled \$HK2bn. and in April the marketing director of Monsanto Far East, Geoffrey Taylor, described Hong Kong's real estate growth and profitability as "the biggest rip-off since Investors Overseas Service." He said there was evidence that the Government had realised the inflationary folly of its own land policies and was attempt-

ing to reverse the situation with large areas in new towns close to industrial estates being developed as middle-class housing. But there was a danger that powerful real estate interests would prevent a major drop in land values. In Singapore, he said, residential land cost \$HK20 to \$HK40 a square foot and industrial land cost \$HK8. In Hong Kong, the Government regarded \$HK45 a square foot in industrial towns with restricted use as cheap.

The supply of industrial buildings is crucial to the Colony's position as a trading nation, and the Rating and Valuation Department says that 2.2m. square feet of flat factory building came on to the market in 1975, 2.9m. square feet in 1976 and that nearly 9m. square feet is expected to be completed this year and 12m. in 1978, a figure which the Department itself describes as "startling" (nearly half of it will be in the New Territories).

As with residential property, changes have been taking place in the market, notably an increase in the area demanded from the traditional units of up to 6,000 square feet to the 10,000-12,000 square feet bracket. The limited supply last year coinciding with the Colony's rapid economic revival and pushed rentals up by about 15 per cent. (27 per cent in Kwai Chung/Tsuen Wan). These figures tend to underestimate the position, since most factory space is let on a two or three year basis. Of rents which were actually increased, the average rise was 35 per cent.

obscure the dramatic developments in Hong Kong's new towns. At Tuenmun, for instance, the Public Works Department will soon begin work on a HK70m. project to create a town for 300,000 people in 1985, the first part of \$HK3.5bn. development programme. Some 70 per cent of the population will be housed in public estates, leaving at least 132,000 in private accommodation ranging from high-rise developments to villas in open grounds.

Stockbrokers Joseph Sebag forecast at the beginning of the year that 1977 would be good for property developers with forecast completions up 85 per cent over 1976. The outlook for companies with land bank acquired during the 1974-75 recession which are currently being utilised for residential development, appears particularly favourable over the next two years. After that, says the company, profitability was start to decline and the impact of a sound rental income would again become apparent.

Danny Nelsi

**Imbalance**

The office space imbalance in Kowloon, which saw a 30 per cent vacancy rate in 1975, improved last year, but the completion of the 500,000 square feet Ocean Centre (which represents all the grade A space coming on stream in Kowloon this year) will push up the supply position again. The leasing agent, Jones Lang Wootton, says over 30 per cent of the space has been let (rents vary from \$HK5.25-\$HK7.50 a square foot) and that the encouraging response reflects the increasing buoyancy of the economy. It also confirms that as Central there is no problem letting "showcase" accommodation and that over-capacity will be confined largely to secondary areas.

The three types of tenants expressing an interest in Ocean Centre are government (which has taken almost 100,000 square feet), companies already in Tsimshatsui which wish to upgrade, and those in Central who realise that there is no necessity to be there. This last group could form an increasingly important feature of the property scene.

In Central and Tsimshatsui, the vacancy rate for first class office space is low compared with a six-fold over-supply in second grade premises. Rentals have been increasing steadily and purchase prices also show remarkable variation: the average last year was \$HK811 a square foot but \$HK12,000 a square foot was paid for one small corner shop.

The glamour of Central, Tsimshatsui and the industrial areas should not

Like Hong Kong, shortage of supply means Japanese land prices are unusually high by world standards. But there are areas which have been lying idle for several years, mainly for economic reasons, and foreign developers have been increasingly active since they were allowed on to the market two years ago.

## Japan

JAPAN WENT through a spectacular boom in property values during the three years up to and including 1973, when its economy was growing rapidly and plans were under way to decentralise industry from the major cities of Tokyo and Osaka.

After the oil crisis the value of land at first fell steeply, and has more recently been roughly stable. Land prices in Japan, however, are spectacularly high by world standards, reflecting the fact that Japan has the smallest amount of flat land in relation to its population of any country in the world (the total size of the country, with a population of over 110m., is somewhere between that of the U.K. and France—but 85 per cent of the land area is mountainous). As a result it remains extremely hard for ordinary people to raise enough money to buy and own houses within reasonable commuting distances of major cities. Land shortages and land values are therefore a continuous problem in Japan, though not for the time being,

a problem which appears frequently in the headlines.

The most expensive commercial land in Japan at the beginning of 1977 was valued at Yeo 2.5m. (about \$5,000) per square metre while the dearest residential land, not far from the British Embassy in Central Tokyo, could have been bought for Yeo 580,000 per square metre. A more normal price for housing land within the commuting distance of central Tokyo would nowadays be about Yen 70,000 per square metre. These prices have changed little during the past two years but remain prohibitively high from the point of view of the average Japanese citizen.

### Unused

A major problem left over from the pre-oil crisis land boom is the existence of huge tracts of land bought for development which are lying idle for administrative or economic reasons. A recent survey by the National Chamber of Agriculture (which is interested in the problem because of its concern to maximise the availability of land for farming) estimated the total area of such undeveloped land at 378,000 hectares, or rather more than the total area of one of the suburban prefectures on the outskirts of Tokyo. A system of "designating" such land for purchase and development by local authorities has been established but is proceeding very slowly.

nor easily resold have been partially responsible for the financial difficulties experienced by several major Japanese companies during the past year or two. A recent example involved Japan's number eight general trading company, Kanematsu-Gosho, which was holding about Y45bn. worth of undeveloped land earlier this year, most of it acquired before the oil crisis.

Kanematsu believes that it can develop or liquidate about half of its holdings in the fairly near future but that the other half may have to be left idle for another two years or more. Examples of Kanematsu land investments which went wrong during or after the oil crisis are: a site purchased for residential development near Narita International Airport (the new airport for Tokyo) which has not been developed because the opening of the airport itself has been delayed, and a site purchased for development in connection with an oil refinery project in North Eastern Japan—undeveloped because the refinery has not been built.

The problems of Japanese trading companies and others holding large tracts of undeveloped land may grow slightly less serious in the next year or so if current plans for increasing Government public works expenditure and construction activity in general are realised. Public works expenditure covered by the national budget for 1977 is scheduled to show a 21 per cent increase over 1976 levels and a large number of starts will be made this year of small and medium-sized projects such as schools and hospitals as well as on some larger projected (or inter-

rupted) projects such as bridges and high-speed railway lines. The execution of such projects should do something to improve the climate for land development, although not enough, hopefully, to set off anything like a repetition of the pre-oil crisis boom.

Property development in Japan was liberalised to foreign investment in 1975 (prior to which foreigners could own property for let or for personal use but not for resale). Liberalisation, in the midst of a serious recession, not surprisingly produced little effect in terms of actual foreign investment. However some overseas Chinese and Korean companies are active in the Japanese property industry and a small number of individual Western businessmen have entered the field. Among Western companies involved in Japanese property development the only significant instance as of now appears to be KK Halifax Associates, a joint venture between Pacific Architects and Engineers (PAE) of the U.S. and Jardine Matheson and Company.

Halifax's Japanese ventures to date include an office building in the Roppongi area of Tokyo (a fashionable shopping and residential district) and the Sloane Sq Chelsea area of London. It is let mainly to foreign banks, a luxury apartment block in Mita and an office under construction in Gyo (both areas of Western Tokyo slightly farther out, Roppongi).

In addition, Halifax is building a major hotel and dining complex in Yokohama, Japan's third largest city, the port for Tokyo. The company estimates that, if completed or under way, it would reach a value of \$550m. and \$6bn. (\$100m. and \$120m.). The company says it intends to expand at a pace and has no plans for competing with the giants. Japanese property world-wide is experience of other property developers in Japan's experience of grade property development in other Asian countries. Jardine's major investment in Hong Kong was and ability to cater to the tastes and preferences of foreigners represent a small but fast-growing portion of the market.

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Pending dividends timetable

For the convenience of readers the dates when some of the important company dividend statements may be expected in next few weeks are given in the following table...

Table with columns: Company Name, Dividend Date, Amount, and Remarks. Lists companies like Anglo American, Anglo Irish, Anglo Overseas, etc.

Public Works Loan Board rates

Non-negotiable loans are 1 per cent higher in each rate than non-negotiable loans of principal...

Table showing Public Works Loan Board rates for various terms (1-20 years) and types of loans.

RECENT ISSUES

EQUITIES

Table of recent equity issues with columns for issue date, company name, and price.

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for stock name, price, and yield.

"RIGHTS" OFFERS

Table of rights offers with columns for company name, offer date, and price.

BASE LENDING RATES

Table of base lending rates for various banks and currencies.

FOREIGN EXCHANGES

Table of foreign exchange rates for various currencies.

OTHER MARKETS

Table of other market rates including gold and silver prices.

GOLD MARKET

Table of gold market prices and movements.

EXCHANGE CROSS-RATES

Table of exchange cross-rates between major currencies.

EURO-CURRENCY INTEREST RATES

Table of Euro-currency interest rates for various terms.

SPECIAL DRAWING RIGHTS RATES

Table of Special Drawing Rights (SDR) rates.

FORWARD RATES

Table of forward rates for various currencies and terms.

RIGHTS RATES

Table of rights rates for various companies.

EURO-CURRENCY INTEREST RATES

Table of Euro-currency interest rates for various terms.

INTERNATIONAL COMPANIES Record loans by IADB

By Hugh O'Shaughnessy. THE Inter-American Development Bank to-day announced advanced segments of its record figures for loan approvals...

Nippon Oil's peak profit

By Yoko Shibata. NIPPON OIL, the largest Japanese oil refiner, achieved record earnings to the year ending March 1977...

Alitalia

ALITALIA, Italy's national airline, hopes to break even this year or make only a slight loss following a deficit for 1976...

Money and Exchanges

Bank of England Minimum Lending Rate 8 per cent. The pattern of trading in the London money market and foreign exchange market...

MINING NOTEBOOK Uranium now the Fox has gone to ground

BY LODESTAR. AS IS SO often the case in share markets where long and eagerly awaited events are concerned...

under feet in the exploitation of uranium-gold, there were signs last week that the Kaffir market, as it is known in days long gone by...

Brighter Golds? Although recovering still to \$144 on Friday, it was still \$21 down on the weak whereas the share market was looking distinctly brighter...

Profit shock at Pan-Elect. SINGAPORE, May 26. CONTRARY TO expectations, Pan-Electric Industries—one of the most actively traded shares on the stock exchange of Singapore...

South Africa. Such projections assume that all six major finds are brought to production including Noranda's Koozanna, Queensland Mines' Nabarlek...

Insurance. OF ALL the issues vexing insurers at the present time—containing inflation problems of products liability and U.S. cover jurisdiction...

Building subsidence problems. TO meet the lion's share of the should be insured. To repair bills. Because of the percentage excesses imposed on the cover...

Modern Engineers of Bristol (Holdings) Limited. Group pre-tax profit up to £319,037. Earnings per share increase from 5.79p to 7.69p.

We are pleased to announce that Michael H. Sweers has joined our Company as an Associate Director.

LOEB ROADES INTERNATIONAL LIMITED. 50 Grosvenor Street, London W1X 9DB. Tel: 01-491-4462. Telex: 35432 LRLNT

OVERSEAS MARKETS

EUROBONDS BY

Blue skies and empty trading desks

MARY CAMPBELL

THE DOLLAR sector of the Eurobond market was pretty quiet last week with dealers starting to drift off to the annual meeting of the Association of International Bond Dealers (AIBD) in Paris from Wednesday onwards.

With Eurodollar interest rates falling back a bit, prices were reasonably stable, however. The EEC and Deutsche Bank issues are now out of the market and there should, technically, be room for new offerings.

Both the EEC's two tranche issue and the Deutsche Bank warrants offering were priced on the indicated terms last week. The Deutsche Bank issue apparently remained heavily oversubscribed despite a sharp fall in the price of the shares during the offering period from DM225 to DM175.

A purchase fund will buy up to \$1.25bn of the first tranche within the first three years after the launch if the market quotation goes below the issue price (even if this is customary smoothness).

The AIBD meeting in Paris for a further two-year term will be held through with its own virtually unchanged (the representative for Italy has retired and the changes in AIBD rules and statutes proposed by the Board went through without debate and unopposed).

A major factor behind the Eurobond market has been such a money spinner for the last couple of years. As Mr. S. Yassukovich put it in his closing address as chairman of the old Board (he is re-elected chairman of the new): "few previous Boards have had the pleasure of serving the Association during a period when general market conditions have been so positive and the prosperity of members so evident."

The AIBD membership now stands at 406 (372 a year ago), with 47 further applications, the pipeline and close to 1,500 potential people descended on Paris for the meeting (including wires). To quote Mr. Yassukovich again: "What I can only term the explosion of interest on the part of the membership in attending this year's meetings, while extremely gratifying, has been more than usually intense on the physical arrangements."

Next year's meeting will be in Zurich on May 11 and May 12. The only real cloud was cast by Mr. Yassukovich himself in his keynote speech. Analysing the sources of international

liquidity behind the high level of activity in the Eurobond market he pointed particularly at the part of investors' preference in favour of fixed interest securities at the expense not only of equity investment but also of direct investment in industry and commerce.

The two main technical issues which stimulated interest at the meeting were automation and the problems caused by bonds being called or drawn in the middle of a secondary market transaction.

Automation was the subject of a panel discussion at a conference which took place the day before Friday's AIBD meeting proper. No conclusions were reached—intended to be reached—the purpose of the gathering being mainly to inform participants in the market of the various computerisation projects under way.

There were five main areas under discussion: the Euronet, the Euxec computer trading system, the AIBD system operative in the London market, the W.A.S.D.O. which operates in the U.S. and the Swiss Telcurve system.

Most dealers seem to think that some kind of automatic levelling in this market is indicated. Large numbers of dealers already use the Euronet. In general, they are concentrated on two main questions. One was whether a full-scale computerised trading system should be launched.

It is a system such as Euronet whereby buyers are matched with sellers via a computer. Whether any system introduced should be restricted to information with actual transactions taking place by teletype as before. The other question was whether the major market makers would participate in computerised systems—they have hitherto mostly been reluctant to do so, and it is felt that without them any system would be pointless.

There were five main areas under discussion: the Euronet, the Euxec computer trading system, the AIBD system operative in the London market, the W.A.S.D.O. which operates in the U.S. and the Swiss Telcurve system.

CURRENT INTERNATIONAL BOND ISSUES table with columns: Borrowers, Amount m, Maturity, Coupon, Price, Lead manager, Offer yield %.

BONDTRADE INDEX table with columns: Bond type, May 27, May 20, High, Low.

Indices

NEW YORK - DOW JONES table with columns: Index, High, Low, % change.

STANDARD AND POORS table with columns: Index, High, Low, % change.

NEW YORK table with columns: Index, High, Low, % change.

NEW YORK table with columns: Index, High, Low, % change.

NEW YORK table with columns: Index, High, Low, % change.

Y.S.E. ALL COMPANIES table with columns: Index, High, Low, % change.

MONTREAL table with columns: Index, High, Low, % change.

TORONTO table with columns: Index, High, Low, % change.

JOHANNESBURG table with columns: Index, High, Low, % change.

GERMANY table with columns: Index, High, Low, % change.

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BRUSSELS/LUXEMBOURG table with columns: Index, High, Low, % change.

STOCKHOLM table with columns: Index, High, Low, % change.

NEW YORK table with columns: Index, High, Low, % change.

NEW YORK table with columns: Index, High, Low, % change.



AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts with columns for Trust Name, Manager, and various performance metrics.

Table of Offshore and Overseas Funds with columns for Fund Name, Manager, and various performance metrics.

Table of Financial Times Stock Indices showing various market indices and their values.

INSURANCE, PROPERTY, BONDS

Table of Insurance, Property, and Bonds with columns for Company Name, Product, and various details.

FINANCIAL TIMES STOCK INDICES

Table of Financial Times Stock Indices with columns for Index Name, Value, and Change.

HIGHS AND LOWS S.E. ACTIVITY

Table of Highs and Lows S.E. Activity with columns for High, Low, and S.E. Activity.

FT—ACTUARIES INDICES

Table of FT—Actuaries Indices with columns for Index Name, Value, and Change.

KONG SINGAPORE

Table of Kong Singapore with columns for Index Name, Value, and Change.

CLIVE INVESTMENTS LIMITED advertisement with contact information and investment details.

INSURANCE BASE RATES advertisement with details on property and canon insurance.



# Price increases ear keeps confidence low

STUART ALEXANDER

FEAR of rising prices is a reason given by those in the retail trade for the more cautious than for instance, of consumer confidence out for the Financial Times by the British Market Bureau.

The Government was mentioned as a reason for the more cautious than for instance, of consumer confidence out for the Financial Times by the British Market Bureau.

marked regional variations with out surprisingly. Those areas of existing high unemployment far more cautious than for instance, of consumer confidence out for the Financial Times by the British Market Bureau.

This month 18 per cent. more of the sample thought unemployment would increase rather than decrease, but since January, 1975, those who thought that unemployment would increase have far outweighed those who thought it would decrease and the trend in the latest survey is downwards.

This applies also to those pessimists who think that the trend is to get worse. From an overall average of 28 per cent. in January the figure has dropped steadily to 22 per cent. in the latest survey and the spread among those questioned has narrowed from 21 percentage points in the survey last month to just seven this month.

**Mainly social**

This move away from polarisation is seen in other areas and this could be because of the main reasons for pessimism becoming social rather than political, with again, the clear influence of food prices on fear of unemployment rising, although there are

# Co-ops may be asked to vote on merger

By Elinor Goodman in Blackpool

CO-OPERATIVE retail societies may be asked to vote in a referendum over whether the two central organising bodies—the Co-operative Union and the Co-operative Wholesale Society—should be merged into a single national federation.

A referendum would be virtually unprecedented in the history of the Co-operative movement.

The issue of a radical restructuring of the Co-op is seen as being too important to be bogged down—and possibly lost—at the annual congress which starts here tomorrow.

A referendum would mean that the decision would be taken by elected directors of all 215 retail societies rather than by the delegates who before coming here, may have been mandated to vote in a particular way.

A special committee set up by the congress two years ago published an interim report in March recommending that the Co-operative Union—which traditionally operates as the main link with the consumer-owned retail societies—should be merged on equal terms with the central commercial organisation, the CWS.

A final report is to be published next year, but it is felt that some declaration of intent may be made now, if confidence in the two organisations is to be maintained.

## F.T. GROCERY INDEX

# Bacon and eggs steady but breakfast costs more

BY STUART ALEXANDER

MAY has seen a further steady increase in the cost of family shopping. The Financial Times Grocery Prices Index has risen 1.7 per cent. making a rise of 7.56 per cent. for the first five months of 1977 and 18.1 per cent. compared with May 1976.

The main increases have come in bread, cereals and tea. But for them, the traditional breakfast with bacon and eggs would have at least remained steady in price and in some cases would have been cheaper. Eggs cost less and there were still some special offers of bacon.

The soaring cost of tea, widely predicted as the high cost of coffee forced coffee drinkers to look for substitutes, meant that the price per quarter rose to

some cases to 80p, and for 72 teas rose by 19p. Preserves also rose, the British breakfast is costing a lot more, though there has been some relief in the price of butter, enough to reduce the overall cost of the dairy sector.

The other sector which was significantly down was meat. It saw a fall of 1.5 per cent. compared with April, though there are regional variations. In nearly all categories of bacon, beef, pork and lamb downward movements outweighed increases. Chicken was generally cheaper, as were sausages, where some special offers were available.

Lettuces, carrots, apples and

## FINANCIAL TIMES SHOPPING BASKET

	April	£
Dairy Produce	134.63	134.89
Sugar, Tea, Coffee, Soft Drinks	77.72	72.41
Bread, Flour, Cereals	83.70	80.20
Preserves and Dry Groceries	28.05	27.37
Sauces and Pickles	13.93	13.93
Canned goods	47.93	47.10
Frozen foods	40.45	40.62
Meat, Bacon, etc. (fresh)	148.41	171.83
Fruit and Vegetables	129.04	123.27
Non-Foods	54.14	53.63
Total	778.30	765.25

## INDEX:

1971: Feb. 100; Mar. 101.09; April 102.73; May 105.75; June 108.00; July 107.24; Aug. 105.40; Sept. 105.26; Oct. 104.35; Nov. 105.48; Dec. 108.36.

1972: Jan. 109.18; Feb. 109.10; Mar. 109.24; April 108.84; May 109.36; June 115.97; July 111.97; Aug. 113.40; Sept. 112.14; Oct. 113.15; Nov. 11: 114.8; Nov. 15: 114.49; Nov. 25: 114.72; Dec. 2: 114.72; Dec. 9: 114.75; Dec. 16: 115.77.

1973: Jan. 117.56; Feb. 119.25; Mar. 120.53; April 123.80; May 125.57; June 125.81; July 127.64; Aug. 126.57; Sept. 129.39; Oct. 133.83; Nov. 135.83; Dec. 138.26.

1974: Jan. 141.41; Feb. 141.52; Mar. 142.64; April 143.23; April 29: 142.64; May 145.17; June 147.97; July 146.22; Aug. 145.25; Sept. 147.6; Oct. 150.5; Nov. 156.39; Dec. 159.15.

1975: Jan. 162.84; Feb. 167.77; Mar. 173.50; April 178.49; May 183.41; June 193.02; July 188.45; Aug. 189.23; Sept. 186.64; Oct. 189.79; Nov. 194.78; Dec. 201.30.

1976: Jan. 208.33; Feb. 211.81; Mar. 216.60; April 222.43; May 226.78; June 222.82; July 216.71; Aug. 221.34; Sept. 220.34; Oct. 237.28; Nov. 241.53; Dec. 244.82.

1977: Jan. 251.03; Feb. 253.96; March 256.27; April 258.92; May 263.34.

# Callaghan demands push fund report

PERT CORNWELL, LOBBY STAFF

express demand of the Minister, the forthcoming of the Royal Commission Press will include a section specifically with the Leyland stich fund affair.

is the upshot of the meeting at Downing Street between Mr. James Callaghan and Professor Oliver Franks, the commission's chairman, held further on Friday and the press written to the Prime Minister making it clear that the deal fully with the Leyland story.

ime Minister gave full the Commons last week at the newspaper, end of a forged letter of the allegations. Like other politicians, he is very sensitive about what is unjustifiable bias the party by wide section of Fleet Street—a feeling Prime Minister, and propose that a formal good conductor code be issued as guidelines for the media's behaviour.

## Amendments

The Co-op's central executive has put down a proposal to be debated on Tuesday which calls on delegates to accept the broad concept of a single national federation set out in the interim report, and asks that final detailed proposals be submitted to congress next year.

Two amendments have been put down which would seriously water down this proposal and which indicate some of the problems any such merger would probably encounter.

The debate is likely to demonstrate that the amalgamation would inevitably lead to a bigger and more commercially-oriented CWS.

If the amendments are defeated, the central executive will ask delegates to approve the idea of a referendum, which is allowed in the Co-op's constitution for matters of major importance. Approval of the idea of a referendum would mean that the central executive proposals to accept the broad concept of a single federation would then be voted on by directors of all retail societies.

The CWS, which is also democratically elected, will probably not vote, even though it is entitled to, as it is not felt it can participate in a vote which in effect would mean the end of its existence.

## Budget proposal

This would be done by increasing the council's budget, improving its research facilities and widening membership.

The commission is not likely to back the Labour Party's national executive in demanding a new, impartial watchdog to replace the "toothless" council but it may well follow the wishes of Sir Harold Wilson, former Prime Minister, and propose that a formal good conductor code be issued as guidelines for the media's behaviour.

## APPOINTMENTS

# Mr. G. H. Hough joins Board of Sheepbridge Engineering

Mr. G. H. Hough, deputy chief of the dynamics group at Hawker Siddeley, has been appointed managing director of SHEEPBRIDGE ENGINEERING.

Mr. F. G. N. Thomas has been appointed finance director of WATNEY MAWY AND TRUMAN BREWERS following the retirement of Mr. R. L. Battison.

Mr. Peter Greider, marketing director of the SMITHS FOOD GROUP, has been made general manager of a newly created Smiths Operations Division with responsibility for production, purchasing, research, technical and quality operations. Reporting to him will be Mr. Gaston Alzary, who is now technical director of the Smiths Food Group Board, Mr. David Walters, newly appointed production director in control of seven factories in the division, and Mr. Ted Rompola, who becomes new product research and development director.

Mr. Keith Chesson, previously division marketing manager, has joined the Board as marketing director. On July 1 Mr. Jim Collins moves to Smiths as group controller and finance director from General Mills in the U.S. Chairman and managing director of the Smiths Food Group is Mr. Jack Liqueurish.

Mr. C. H. Ellerton and Mr. J. Johnston have been appointed to the Board of WADE POTTERIES. Mr. Johnston joins the group Board as successor to Mr. J. M. E. McBratney, who will be retiring shortly as group financial director.

Mr. W. J. Walsh has been appointed to the Board of WELLS-WORTHY, a member of the Associated Engineering Group, as director of manufacturing. He joins the company from Raleigh Industries, where he was European manufacturing director.

# Pork Farms Limited

Year of continued growth:  
81% increase in earnings.

is from the Review of Mr. D. C. Samworth, and the Report and Accounts for the 26th February 1977.

before tax for the 52 weeks ended February 1977, improved by 81% to a figure of £1.95m. Sales amounted to a 25% increase and a record, not only in volume.

er has been one of continued growth rther steps being taken to increase our cutting and distribution capacity. With-out our factories have been running ad levels and together with certain rationalisation this has contributed to a tial increase in turnover.

IG CASH FLOW

the year a further £745,000 was repaid of Long Term Loans. In addition Hire Creditors were reduced by £288,000 over £1m was invested in Fixed Assets. of this considerable outflow of funds the debtiness at the year end had been

reduced by £340,000 emphasising once again the strong cash flow inherent in our business.

PROPERTY REVALUATION AND DEFERRED TAXATION

A revaluation of our freehold and long leasehold properties at the year end revealed a surplus of £1.08m. At the same time because of anticipated growth and capital investment we decided not to provide for deferred taxation end the previous year's provisions have been transferred to Shareholders' funds.

GGDD START TO CURRENT YEAR

We are now beginning to reap the benefits of the large capital expenditure programme of the last three years during which we have spent approximately £3m on new production and distribution facilities. Combined with an energetic marketing policy this is producing impressive volume increases in all our product groups end earnings for the current year are expected to be substantially higher than in 1976/77 and results to date are well up to these expectations.

GROUP RESULTS AT A GLANCE		
	1977	1976
Turnover	27,250,082	21,728,281
Trading Profit	2,184,999	1,250,352
Profit before taxation	1,953,853	1,076,842
Dividends (including tax credit)	128.6%	118.9%

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The Chairman, Mr. W. G. Runciman, reports on 1976:

Tha results for the year, which incorporate a changed accounting treatment of foreign currencies, must be regarded as satisfactory in the face of the continuing recession in world trade.

The dividend proposed has again been increased to the maximum which current legislation permits.

In the absence of unforeseen circumstances pretax profits for 1977 are expected to be no less than those for 1976.

Summary of Figures

	1976	1975
Profit before Taxation	£2,497,767	£2,753,813
Profit after Taxation	£976,544*	£1,297,692
Earnings per Share	15.3p	20.3p
Dividend per Share	7.42p	6.75p

\* after increased provision of £276,000 for deferred tax

## Two hemispheres

On the international trail this month, The Banker visits Chicago, financial centre of the bustling Mid-west and vantage point for economists feeling America's pulse, and two European centres, Frankfurt and Luxembourg. Deputy editor Carol Parker looks at what makes Luxembourg so attractive for international bankers, and elicits the do's and don'ts of banking there in an interview with Banking Control Commissioner Pierre Jaans. From further afield, The Banker's editor Robin Pringle reports from Tokyo on Euro-yen, the protection problem, and the many issues heading a crowded agenda in Japan to-day.

## The Banking Year

The Banker's annual round-up of profits and prospects in the world's major banking sectors. Banks and banking activities outside the big league of international lenders get an airing this time round with articles on the ambitions of savings and co-operative banks.

## Muck and money

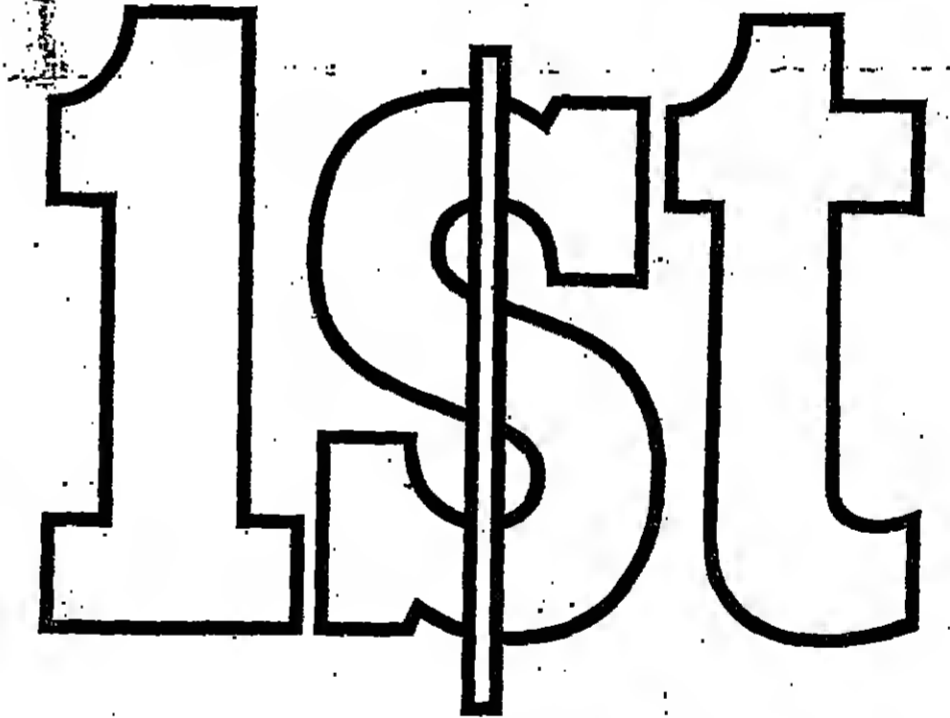
The companies getting their hands dirty in the arduous work of pumping oil from the North Sea are going to be bankers to the next generation of oil fields developed. A special report features new forms of oil finance, the bankers and oil men behind them and the doings of BNOG, Britain's official entrepreneur in the North Sea.

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Table listing Building Industry stocks with columns for Dividend Paid, Stock, Price, and other financial metrics.

DRAPERY AND STORES—Continued

Table listing Drapery and Stores stocks with columns for Dividend Paid, Stock, Price, and other financial metrics.

ENGINEERING—Continued

Table listing Engineering stocks with columns for Dividend Paid, Stock, Price, and other financial metrics.

BRITISH FUNDS

Table listing British Funds with columns for Interest Due, Stock, Price, and other financial metrics.

BANKS AND HIRE PURCHASE

Table listing Banks and Hire Purchase stocks with columns for Dividend Paid, Stock, Price, and other financial metrics.

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Table listing Electrical and Radio stocks with columns for Dividend Paid, Stock, Price, and other financial metrics.

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Table listing Chemicals and Plastics stocks with columns for Dividend Paid, Stock, Price, and other financial metrics.

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Table listing Engineering and Machine Tools stocks with columns for Dividend Paid, Stock, Price, and other financial metrics.

INTERNATIONAL BANK

Table listing International Bank stocks with columns for Dividend Paid, Stock, Price, and other financial metrics.

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Table listing Beers, Wines and Spirits stocks with columns for Dividend Paid, Stock, Price, and other financial metrics.

CINEMAS, THEATRES AND TV

Table listing Cinemas, Theatres and TV stocks with columns for Dividend Paid, Stock, Price, and other financial metrics.

DRAPERY AND STORES

Table listing Drapery and Stores stocks with columns for Dividend Paid, Stock, Price, and other financial metrics.

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Table listing Commonwealth and African Loans with columns for Dividend Paid, Stock, Price, and other financial metrics.

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Table listing Hotels and Caterers stocks with columns for Dividend Paid, Stock, Price, and other financial metrics.

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JPY 150

INDUSTRIALS - Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, dividends, and other financial metrics.

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Table listing various motor and aircraft companies such as Rover, Jaguar, and British Aerospace, along with their stock prices and dividends.

PROPERTY - Continued

Table of property-related stocks and companies, including various real estate and construction firms.

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Table listing various trust companies and their associated stocks, such as British Trustee and Commercial Union Assurance.

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Table listing shipbuilding and repair companies and their stock prices, including Harland & Wolff.

TRUSTS - Continued

Continuation of the trusts table, listing more trust companies and their financial data.

Advertisement for MINES - Continued, listing various mining companies and their stock prices.

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Table listing garage and distributor companies and their stock prices, such as Halfords and Halfords Stores.

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Table listing shipping companies and their stock prices, including British Overseas Airways and British Airways.

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## Reserves may show cut in inflow

BY MICHAEL BLANDEN

FIGURES OF Britain's official exchange reserves, due on Thursday, could show a further slowdown of the inflow into the U.K.

The main unknown at present is whether they will reflect the latest U.K. drawing on the International Monetary Fund credit facilities.

Mr. Denis Healey, Chancellor, confirmed last week that the U.K. would be taking up the next tranche of \$370m, but would have to decide later whether it would be necessary to draw on the further tranches.

The new drawing may come into the reserve figures for the past month or could appear in this month's total, depending on the timing. Otherwise, the past month probably has been a rather quiet period after a substantial increase in the reserves earlier in the year.

With an increase of \$512m. last month, reserves reached a peak of \$10.13bn, a level about \$60m higher than at the beginning of the year. The rise was due to a heavy inflow of foreign currency as well as to official borrowing abroad.

It has been generally expected that the inflow would begin to slow after the one-and-a-half year commercial movements experienced earlier in the year.

Over the past month the pound generally has remained steady around the \$7.170-\$7.172 level, although last week there was a short burst of pressure on sterling which required the Bank of England to step in with heavy official support.

## Nyerere not likely at London talks

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

SOUTHERN Africa will be one of the two major topics at next week's Commonwealth summit meeting in London but it appears that only about five of the 12 African Commonwealth members will be represented by their heads of state or Prime Ministers.

The most notable absence is likely to be that of President Julius Nyerere of Tanzania who has attended regularly Commonwealth meetings since his country became independent 15 years ago.

Leaders of other key countries - notably Nigeria, Kenya, Ghana and probably Sierra Leone - are likely to be absent.

It is thought that the only other absentees from non-African Commonwealth states will be Mr. Forbes Burnham, of Guyana, who has been ill, and Mr. Eric Williams, of Trinidad. All others, including Lord Desai, India's new Prime Minister, are expected.

In spite of the importance of Africa at next week's meeting, African sources insist that the absence list - perhaps the largest - is purely accidental. It does not reflect lack of interest in the main subjects under discussion, for example, the controversy over the possible attendance of General Amin of Uganda.

President Nyerere will be especially missed because he is a key figure in the crisis in southern Africa and also because his contribution to the essentially informal Commonwealth summit debates have come to be valued greatly by his colleagues.

Apparently, Dr. Nyerere decided not to attend this year's summit some months ago in line with the general decision to devote more time to Tanzania's internal affairs.

**Retire rumour**

Dr. Nyerere's main pre-occupation in the past year has been with the merger between TANU, the political party of mainland Tanzania, and the Afro-Shirazi party of Zanzibar.

President Nyerere who, it is said, intends within a few years to retire to a less active position within Tanzania, is believed anxious to give his new vice-president, Aboud Karume, more experience in international affairs and it is he who will be leading the Tanzanian delegation.

As for other absentees, President Kenyatta, now believed to be in his 60s, has not attended a Commonwealth summit since 1969 and General Obasanjo, of Nigeria, rarely travels abroad and will be sending Mr. Joseph

## Goldsmith revises Standard proposals

BY MARGARET REID

SIR JAMES GOLDSMITH has now put forward revised proposals, on behalf of his Cavenham Food Group and of Lorbio for the injection of new finance into Beaverbrook Newspapers to enable the Evening Standard to be continued.

He believes that these offer the best course for Beaverbrook in view of the fading of the latter's earlier planned deal with Associated Newspapers and what he considers the unrealistic character of the alternative of Beaverbrook's indefinitely going it alone.

The Goldsmith scheme, which does not involve a bid for Beaverbrook but would be likely to result in Sir James and Lorbio's chief executive, Mr. Tony Rowland, emerging with a dominant influence in the group, was put to Beaverbrook's City advisers, N. M. Rothschild and Sons, on Friday.

They are expected to be submitted this week to the Beaverbrook Board, headed by Sir Max Aitken.

**Far advanced**

Sir James stepped into the Beaverbrook situation last month, when plans were very far advanced for a deal between Beaverbrook and Associated Newspapers, publishers of the Daily Mail and Evening News, rivals of Beaverbrook's Daily Express and Evening Standard.

This arrangement, which would have involved the sale of the Evening Standard to Associated for £5m, would subsequently have been shelved at the last moment after union opposition to the closure of a newspaper and Sir James's intervention.

Sir James sought a breathing space, now nearly ended, of four to six weeks to study the situation and make proposals. His first suggestion, to give Beaverbrook cash and loans of £5m, did not meet with favour in the Beaverbrook camp. Discussions have continued, and the plan now put forward retains much of the original outline, though with certain amendments.

Essentially, the Goldsmith project would involve a rights issue, perhaps of £5m, underwritten by Cavenham and Lorbio, and the provision of guarantees for new loans to generate additional funds for Beaverbrook's development.

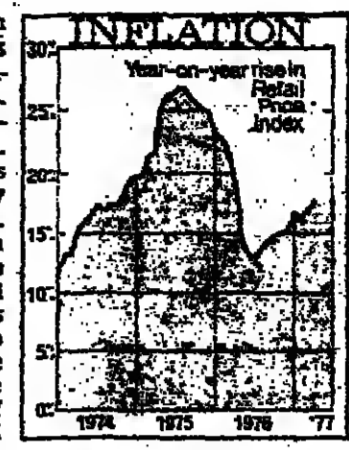
It would be an essential condition that Beaverbrook's ownership be split into two parts, of which Cavenham holds nearly 40 per cent, and which constitute the great majority of the equity, would receive votes.

This, plus the acquisition of new shares through the underwriting, would put Sir James and Lorbio in a relatively controlling position over Beaverbrook, which is now controlled by the Aitken family and family trusts through their ownership of existing voting shares.

These proposals are likely to be criticised as not offering shareholders a fair deal, still implying a transfer of effective control to Beaverbrook.

## THE LEX COLUMN

# Come in ED18— time is up



To-morrow the six-month public debating period expires for the controversial draft inflation accounting standard ED18. With the rate of inflation accelerating from 15 to 17 per cent during this interval there has been no question of the urgency of the subject becoming less. But the submissions flooding in to the Mopeth Steering Group clearly show a widespread reluctance to go as far or as fast as ED18 recommends. So a debate which ought to have been about whether to take fuller account of the impact of inflation on monetary items, and about how to define the substance of a business and hence distributable profits, is tending to get bogged down at a much more elementary stage.

**Midland 'Reds'**

Industrial accountants, in particular, are calling for a much slower programme. According to the Midlands Industry Group of finance directors ED18 is far too complex and endeavours to do too much too soon. They call for a first stage in which historic cost accounts will be retained, and only a supplementary profit and loss account incorporating cost of sales and depreciation adjustments will be included to give inflation accounting information.

Their London counterparts in the Hundred Group also favour a more gradual approach. They call for an initial standard incorporating only general principles, leaving the details to be filled in either by satellite standards or by individual companies on a highly flexible basis. Accounts would no longer show a "true and fair view" but would only need to be "presented fairly."

The Scottish Institute of Chartered Accountants is also trying to slow things down. Its submission is believed to suggest that current cost accounts should only be supplementary to start with, and that ED18 should be greatly simplified.

Few of the industrial accountants seem very interested in monetary items or the appropriation account, which are not very pressing problems in most cases. Trade debtors and creditors, for instance, roughly cancel out for most industrial and commercial companies, and where creditors are much larger - as with many supermarkets, or Ford Motor - such concerns staged introduction: the directors to decide whether GCA profits reduced further

tee cannot afford to get out of touch with the roots of the problem, especially as it still has its face over deferred tax.

The final current accounting standard, however must reflect the requirements of the users of accounts, not be unduly influenced by problems of the accountants who have to produce them.

There are two distinct areas in which the arguments yet to be resolved. The controversial of these concerns the definition of the open profit of an enterprise. The trickier is the problem of the distributable profits: company are affected by variations in its capital structure or other words, how to account the way in which inflation leads to shift real wealth to shareholders.

The two areas unfortunately overlap in the treatment of debtors and creditors, cash bank overdrafts. These items are to some extent interchangeable as a matter of trading policy, which all devalues the argument based on the whole of capital rather than just physical stocks.

**Comparability**

On balance it seems right to take in debtors and credit which could incidentally the way towards a solution of the banks. Profits after the justment and after replacement cost depreciation but before interest, would then provide a basis - comparable bety companies - for assessing real return on capital.

The reason for emphasis pre-interest profits is that avoid any question of an inflation in charging a nominal interest rate, which, to some extent reflect inflation attempt to be comprehensive but not crediting the cor has tended to rebound against pending fall in real debt. It. The document, if any, habit began with Sandil which finally emerges from the and has only been partly debate is rowing to be simplified; rected by ED18 in its l and the fact that the current guidelines to the appropriate accounting standards schedule account.

The problem of the defini of distributable profits can be solved by bringing into of appropriation account the financed proportion of the plus for the year on the valuation of assets. This "o have to be given, too, to the neutral gearing assum requests for a more gradually and it would still be up to or Ford Motor - such concerns staged introduction: the directors to decide whether GCA profits reduced further

## Special aid for Africa upsets Latin America

BY REGINALD DALE

PARIS, May 26

PREPARATIONS FOR the crucial closing stages of the Paris "dialogue" between the world's rich and poor nations were in confusion to-night as Ministers from 27 countries arrived for the final three-day session of hard negotiation that starts here to-morrow.

Senior officials who have been meeting here since Thursday morning had still not succeeded in sorting through 150 pages of complicated and mainly disputed texts on issues ranging from the future fixing of oil prices to new codes for the transfer of technology to developing countries and investments by multinational companies.

The one new agreement reached over the weekend providing for a "Decade of Africa" to improve transport and communications, served only to underline the problems facing the Ministers. The agreement, which the West hoped would start the talks on a positive note, provoked immediate criticism from Latin American countries who feel that insufficient atten-

tion is being paid to their own needs.

It was clear that the increasingly militant approach of the Latin Americans, spurred on by President Carter's human rights and nuclear policies, could become an important new factor in the final moments of the 18-month long conference.

**Confident**

The Latin American complaints have confirmed how difficult it will be for the Western countries to satisfy all 19 participants from the developing countries, whose interests diverge widely in the short time available.

The hope is, however, that the procedural chaos that reigned to-night can be sorted out to-morrow while Ministers make their formal opening speeches.

The eight Western industrialised countries at the talks are still reasonably confident that a sufficient agreement can be reached by Wednesday night to avert a new crisis in their relations with the developing countries.

In the last few weeks they have added a number of new elements to the final package they will offer the 19 in the hope of keeping the "dialogue" going once the Paris conference is over.

The West's offer will include a special \$1bn. aid programme for the poorest countries, together with an undertaking to negotiate a new common fund to stabilise commodity prices and a study way of stabilising developing countries' export earnings.

To-night however, the Western countries were still \$50m. short in their efforts to raise the full \$1bn.

Delegates from the developing countries refused to express either optimism or pessimism as to the conference's final conclusions. Representatives of the industrialised countries warned that the talks could fall even at the last minute.

**Package for the poor, Page 21**

## Scot Nats to launch separatist campaign

By Ray Perman, Scottish Correspondent

A BIG CAMPAIGN will be launched in the autumn by the Scottish National Party as first shot in the run-up to a General Election battle next year to be fought on the issue of Scots independence.

Speaker after speaker at the annual conference in Dundee, which ended at the weekend, made it clear that the party had no faith in Government ability or willingness to deliver devolution, and so thought it had no option but to fight on a straight choice between an independent Scotland and the status quo.

The campaign, starting in late August, will relate dissatisfaction with the economic situation to the existence of the U.K. trying to accelerate a process that the Nationalists believe, is already under way in the minds of Scottish voters.

The election cannot come too soon for the SNP. Its 11 MPs will vote against the Government on any straight confidence issue. They will, however, support a new devolution Bill if one is introduced, and vote for the vital guideline motion.

Other legislation will be judged on the criterion of whether it will benefit Scotland.

**Stunts and scares**

Mr. Donald Stewart, MP, the SNP leader in the Commons, told the conference that as "victory" drew near, "the Establishment was getting alarmed and trying 'all kinds of stunts and scares' to discredit the party.

"Every one of our conferences is a countdown to independence. I will not hazard the exact date of lift-off."

But I know that it is at hand, and that we are doing the groundwork for governing our own country, and that that desire for Scottish Government is growing fast."

The conference re-elected Mrs. Margo Macdonald senior vice-chairman with an overwhelming 632 votes. The three other candidates, including two MPs, Mr. Douglas Henderson and Mrs. Margaret Bain, received less than 100 votes each.

The size of Mrs. Macdonald's victory can be gauged as an endorsement by the party of her place in policy-making, and a determination that the leadership should stay firmly in Scotland.

Mr. Francis Pym, Conservative devolution spokesman, has called on the Government to set up a select committee on devolution "as a matter of urgency."

It should be a joint Select Committee of both Houses, with power to send for papers and call people to give "expert advice. It should consider all options, including federalism. It should consider whether a referendum should be held to ascertain the wishes of electors."

## Engineers win £120m. orders

FINANCIAL TIMES REPORTER

BRITISH civil engineering firms have won contracts worth nearly £120m. for work in the Middle East and Eastern Europe.

The deals involve an airport terminal, new hotels and a large marble-faced office development in Saudi Arabia - a complex which will have its own golden-domed mosque.

Deal one involves Cementation International part of Trafalgar House, a £50m. contract for an air terminal in Warsaw for LOT, the Polish State airline.

Deal two also involves Cementation. In another Polish order it will build hotels at Gdynia worth £23.6m.

Deal three brings Saudi Tarmac, in which Tarmac International, has a substantial holding, a \$45m. order for a concrete office complex on a site five kilometres from Riyadh.

The Polish contracts clearly delighted Mr. Victor Matthews, deputy chairman and managing director of Trafalgar House when he entertained guests to a Sandown Park day of Trafalgar Group-sponsored races on Saturday. "This is a major breakthrough for us," he said. It was the first time a British company had been involved in a project on this scale.

Tarmac's order comes from a company formed specifically for an office building and civil engineering work in Saudi Arabia. The Saudi Tarmac company has a paid-up share capital of 10m. Riyals, and includes Tarmac International, Al-Ahli Development company and Bin Mallow Trading Establishment.

It will build a prestige office complex, which will include a 47,500 sq. metre multi-storey headquarters building and other buildings and underground parking for 240 cars. The order came via the U.S. Army Corps of Engineers which is administering the contract on behalf of the Saudi Government.

The complex, designed by a Detroit group, blends marble with Saudi stone, and marble is also to be used with terrazzo for floor finishes in completely air-conditioned buildings.

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## Argument over council house sales reopens

A SUGGESTION in Sbelter's magazine Roof, that local authorities and central government both lose by the sale of council houses appears likely to lead to another round of arguments on the subject.

Mr. Bernard Kilroy, a London housing research officer, claims that there are substantial losses on house sales. He examined Leeds, where it had been estimated that the sale of 5,000 houses would save the local council £1m.

Far from saving £1m, Leeds would lose at least £2m, if the houses were sold, and had lost about £1.75m. on 900 houses already sold.

## Weather

**U.K. TO-DAY**  
 COOLER, particularly in S. showers in E.  
 London, S.E., W., Cent. England, Midlands, Channel Islands, Wales, Isle of Man, S.W. Scotland, N. Ireland.  
 Sunny periods. Wind N.E., moderate. Max. 17C (63F).  
 E. Anglia. Isolated showers Wind N.E., moderate. Max. 18C (64F), cooler on coast.  
 East, N.E. England, Borders. Sunny periods, scattered showers. Wind N.E., moderate. Max. 17C (63F).  
 Outlook: Sunny periods, isolated showers in E., becoming warmer except near some E. coasts.

showers. Wind N.E., moderate. Max. 17C (63F), cooler on coast showers in E.  
 Edinburgh, Dundee, Aberdeen. Sunny periods, scattered showers. Wind N., moderate. Max. 14C (57F).  
 Glasgow, Cent. Highlands, Argyll, N.W. Scotland. Sunny periods. Wind variable, light. Max. 18C (61F), cooler on coast.  
 Moray Firth, N.E. Scotland, Orkney, Shetland. Sunny periods, scattered showers. Wind N., moderate. Max. 12C (54F).  
 Outlook: Sunny periods, isolated showers in E., becoming warmer except near some E. coasts.

## Bullock

The Prime Minister expects to have talks with the Confederation of British Industry on the matter of a few weeks' time and may decide to see TUC leaders who are far from united on the issue, especially about what should happen in the private sector.

A compromise which may emerge if the Ministers become enabled to legislate on enabling early experiments to take place in nationalised industries such as the Post Office, with slower progress being made in the private sector.

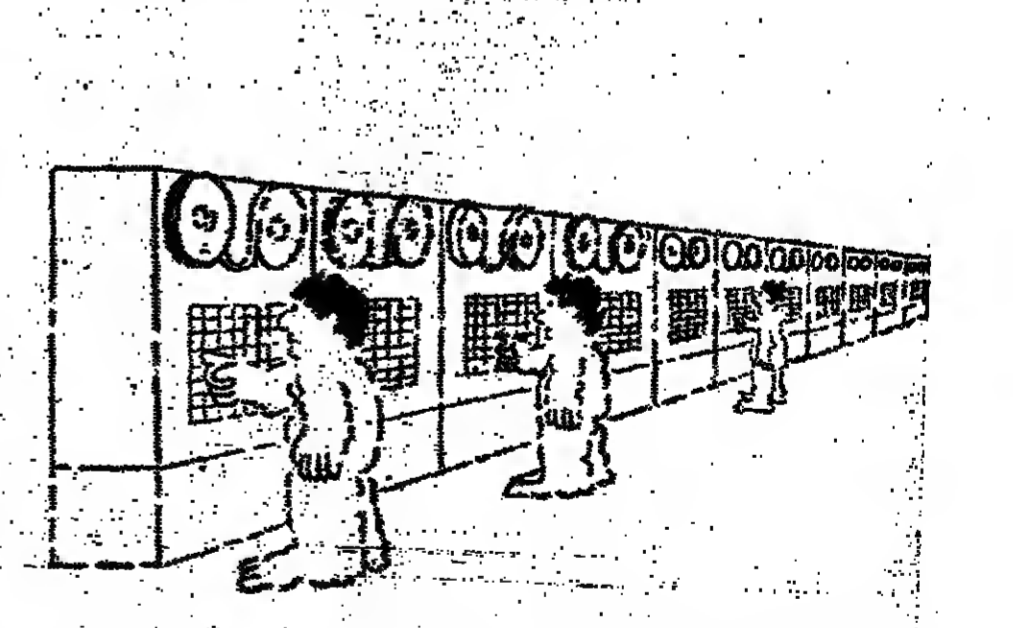
The Prime Minister's object is to find a formula which will carry the TUC but which will not go so far along the road of

statutory introduction of union Board representatives as to drive the confederation into total opposition.

But he has no chance of gaining the support of the CBI for anything which would fully satisfy the TUC in the private sector and he also has to decide whether to try to placate the Liberals who are opposed to union-based worker-directors.

Without Liberal support for almost every item in an eventual Bill, there is hardly any chance of the Government's being able to push legislation through Parliament before the next General Election.

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